

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE  
SECURITIES DIVISION**

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<b>IN THE MATTER OF</b>	)	
	)	
<b>Richard B. Raff</b>	)	<b>Administrative Consent Order</b>
	)	<b>Number: LS-17-2268</b>
	)	
<b>Respondent</b>	)	

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**CEASE AND DESIST ORDER  
AND ORDER BARRING ASSOCIATION**

**WHEREAS**, the Securities Division of the Mississippi Secretary of State (“Division”), has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act (“Act”) codified at Mississippi Code Annotated Sections 75-71-101, *et seq.*; and

**WHEREAS**, Respondent violated the Act by transacting business in this state without being registered under the Act and engaged in fraud in connection therewith in the State of Mississippi, and while situated within the State of Mississippi; and

**WHEREAS**, the Division is authorized to issue an order directing any person to cease and desist from engaging in the act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under the Act; and barring the person from association with a broker-dealer or investment adviser registered in this state; and

**WHEREAS**, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act;

**NOW, THEREFORE**, the Division, as Administrator of the Act, hereby enters its Cease and Desist Order and Order Barring Association:

## **I. FINDINGS OF FACT**

### **PARTIES**

1. The Secretary of State (“Administrator”) has the authority pursuant to the Act to administer and enforce the Act and regulate the offer and sale of securities in Mississippi including the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. Respondent Richard B. Raff (“Raff”) is an individual with a last known residence of 310 Eastpark Street, Ridgeland, MS 39157. The Central Registrations Depository (“CRD”) number for Respondent is 4064280. The residential address in CRD is 223 Turtle Lane, Brandon, MS 39042.
3. Infinex Investments, Inc. (“Infinex”) (CRD # 35371) is a broker-dealer firm registered with the Division since January 2011 and an investment adviser firm notice filed with the Division since August 2011.
4. Highland Colony Wealth Management (“HCWM”) is the DBA name of Respondent’s Infinex office with the last known address of 201 Northlake Avenue, Suite 109, Ridgeland, MS 39157.

### **REGISTRATION HISTORY**

5. According to CRD records, Respondent was registered with the Division as a broker-dealer agent and investment adviser representative associated with UVest Financial Services Group (CRD 13787) from February 1, 2006 until September 21, 2011.

6. Respondent was registered with the Division as a broker-dealer agent and investment adviser representative associated with Infinex from September 28, 2011 to November 22, 2013.
7. Respondent has not been registered to sell securities or give investment advice in Mississippi since November 11, 2013.
8. Respondent remained associated with Infinex until September 28, 2016.

#### **EVENTS**

9. On March 29, 2016, Mississippi resident, and client of Infinex and Respondent, “DW” wrote a check to HCWM for \$11,155. The memo section of the check said “for rollover Cole Capital 4” (a REIT).
10. On May 12, 2016, Mississippi resident, and client of Infinex and Respondent, “MD” wrote a check to HCWM for \$15,000 to purchase Cole REIT.
11. In September 2016, MD began questioning the Cole REIT purchase. Based on MD’s concerns, Infinex began an investigation into Respondent’s activities.
12. After failed attempts to contact Respondent, Infinex terminated Respondent’s registration and notified its regulator, FINRA, on September 28, 2016.
13. On October 7, 2016, Infinex’s chief compliance officer filed a voluntary sworn statement with the local police department stating that on September 30, 2016 Respondent claimed that he had made arrangements for a third client (“PL”) to sell an investment to MD and had given PL the money. This transaction is prohibited under Firm rules. PL had no knowledge of the transaction and had not received any money from Respondent.
14. Infinex confirmed that the Cole REIT had no record of DW’s transaction.
15. On November 28, 2016, FINRA suspended Respondent.
16. On February 7, 2016, FINRA barred Respondent from association with a member firm.

## II. APPLICABLE LAW

17. Miss. Code Section 75-71-102(1) states, “‘Administrator’ means the Secretary of State.”
18. Section 75-71-601(a) of the Act states, “The administrator shall administer this chapter.”
19. Miss. Code Ann. § 75-71-402 (a) states, “it is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent.”
20. Miss. Code Ann. § 75-71-404 (a) states, “it is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative.”

21. Miss. Code Ann. § 75-71-412 sets forth:

§ 75-71-412. Denial, revocation suspension, withdrawal, restriction, condition, or limitation of registration.

\* \* \*

(d) **Grounds of Discipline.** A person may be disciplined under subsections (a) through (c) if the person:

\* \* \*

(5) Is the subject of an order, issued after notice and opportunity for hearing by:

- (A) The securities or other financial services regulator of a state or the Securities and Exchange Commission or other federal agency denying, revoking, barring, or suspending registration as a broker-dealer, agent, investment adviser, federal covered investment adviser, or investment adviser representative;
- (B) The securities regulator of a state or the Securities and Exchange Commission against a broker- dealer, agent, investment adviser, investment adviser representative, or federal covered investment adviser;
- (C) The Securities and Exchange Commission or a self-regulatory organization suspending or expelling the registrant from membership in the self-regulatory organization;

\* \* \*

22. Miss. Code Ann. § 75-71-501 sets forth:

General fraud.

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

23. FINRA Rule 2010 states, “Standards of Commercial Honor and Principles of Trade. A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

24. Rule 5.21 of the Rules enacted by the Administrator under the Act sets forth:

**Standards of Conduct.**

Each broker-dealer and agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Acts and practices, including, but not limited to, the following, are considered contrary to such standards and may constitute grounds for denial, suspension, or revocation of registration, imposition of fines, or such other actions authorized by statute.

A. Broker-dealers.

- (23) Violating any laws or rules of the SEC or a national securities exchange or national securities association of which it is a member, or violating any federal or state securities law or any rule or regulation promulgated thereunder.

\* \* \*

B. Agents.

- (2) Effecting securities transactions not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction.

\* \* \*

- (6) Engaging in conduct specified in subsection (A) 1, 2, 3, 4, 5, 6, 8, 11, 12, 16, 17, 18, 19, 23 of this Rule.

25. The Division may employ remedies set out in Miss. Code Ann. § 75-71-604 of the Act:  
Administrative enforcement.

- (a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:
- (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter;
  - (2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under Section 75-71-401(b)(1)(D) or (F) or an investment adviser under Section 75-71-403(b)(1)(C); or
  - (3) Issue an order:
    - (A) Under Section 75-71-204;
    - (B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;
    - (C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or
    - (D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

### **III. ACTION NECESSARY TO PROTECT THE PUBLIC**

26. Action by the Division is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

27. Based upon the foregoing Findings of Fact, the Division makes the following:

#### **IV. CONCLUSIONS OF LAW**

28. The Administrator has jurisdiction over the subject matter of securities-related business in Mississippi and over Richard B. Raff.
29. Respondent transacted business in the state as a broker-dealer agent from November 2013 until at least May 2016 without being registered with the Division in violation of Miss. Code Ann. § 75-71-402.
30. Respondent transacted business in this state as an investment adviser representative from November 2013 until at least May 2016 without being registered with the Division in violation of Miss. Code Ann. § 75-71-404.
31. In offering the Cole REIT and making a “sale” of the Cole REIT to clients but not using the funds to purchase Cole REIT for the clients, Respondent made untrue statements of material fact or omitted to state a material fact necessary to made the statements not misleading in violation of Miss. Code Ann. § 75-71-501.
32. In brokering an agency cross trade in violation of firm policy, Respondent did not observe high standards of commercial honor and just and equitable principles of trade in violation of FINRA Rule 2010, thereby violating Rule 5.21(A)(23) and Rule 5.21(B)(6).
33. In brokering an agency cross trade in violation of firm policy, Respondent effected a transaction not recorded on the regular books or records of the broker-dealer which the agent represents.

#### **V. ORDER**

IT IS HEREBY ORDERED:

1. That Respondent Richard B. Raff immediately CEASE AND DESIST from performing any function or activity of the securities business in Mississippi.

2. It is FURTHER ORDERED that Respondent Richard B. Raff be BARRED from association with a broker-dealer or investment adviser registered with this state.

## **VI. RIGHT TO AN ADMINISTRATIVE HEARING**

If the Respondent wishes to contest the allegations set forth above, or offer evidence and arguments to mitigate the allegations, then the Respondent must file a request for hearing. Such request shall be made in writing to Jessica Leigh Long, Assistant Secretary of State, Securities Division of the Mississippi Secretary of State's Office, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Cease and Desist Order and Order Barring Association. In the event such a hearing is requested, the Respondent may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondent's behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Cease and Desist Order and Order Barring Association becomes final without any further action by operation of law.

## **VII. CONSEQUENCE OF VIOLATION OF ORDER**

Respondent is advised that a violation of an Order issued by the Administrator may result in a fine of up to Twenty-Five Thousand Dollars (\$25,000.00) for each violation.

### VIII. PUBLIC INTEREST

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set out in Miss. Code Ann. Section 75-71-101, *et seq.* (2010).

### IX. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Cease and Desist Order and Order Barring Association.

ISSUED, this the 19th day of June 2017.

C. DELBERT HOSEMANN, JR.  
Secretary of State  
State of Mississippi

By:   
\_\_\_\_\_  
Jessica Leigh Long  
Assistant Secretary of State  
Securities Division

## CERTIFICATE OF SERVICE

I, Jessica Leigh Long, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Cease and Desist Order and Order Barring Association to the following:

Richard B. Raff  
223 Turtle Lane  
Brandon, MS 39042

Richard B. Raff  
501 Lake Point Drive  
Piney Flats, TN 37686

Richard B. Raff  
310 Eastpark Street  
Ridgeland, MS 39157

Richard B. Raff  
201 Northlake Avenue, Ste. 109  
Ridgeland, MS 39157

Pursuant to Miss. Code Ann. § 75-71-611, I hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Cease and Desist Order and Order Barring Association to the Administrator at:

Delbert Hosemann, Jr.  
Secretary of State  
Post Office Box 136  
Jackson, MS 39205

This the 19th day of June 2017.

  
\_\_\_\_\_  
JESSICA LEIGH LONG  
Assistant Secretary of State  
Securities Division  
Mississippi Secretary of State's Office

Jessica Leigh Long, MSB# 103316  
Mississippi Secretary of State's Office  
Post Office Box 136  
Jackson, Mississippi 39205  
(601) 359-1650