



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN RE BRIAN JONES

)
)
)

TSD No.: 20-051

ORDER OF DENIAL

This Order of Denial issues as the result of the attached Petition for Order of Denial, submitted by the Tennessee Securities Division of the Tennessee Department of Commerce and Insurance (“Division”). The Assistant Commissioner for Securities finds that this action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policies and provisions of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-1-101 to 48-1-201 *et seq.* (“Tennessee Securities Act”). This Order of Denial results from the following Findings of Fact and Conclusions of Law.

I. FINDINGS OF FACT

1. Brian Jones (“Respondent”) is a resident of Tennessee, with Central Registration Depository number (“CRD #”) 2543001.
2. In October 2019, Ethan Rosenberg, Securities Examiner II for the Division, conducted an examination of the books and records of Jones Wealth Management, LLC (“Jones Wealth Management”) and the Respondent pursuant to Tenn. Code Ann. § 48-1-111, throughout which Jones Wealth Management and the Respondent remained cooperative.
3. In or about December 2019, Mr. Rosenberg completed his examination and found several deficiencies and referred the matter to the Office of Legal Counsel for the Division in

January of 2020. Several phone calls ensued with the Respondent and/or his counsel to settle this matter without pursuing litigation.

4. One (1) of the deficiencies was in 2018 and 2019. The Respondent filed two (2) balance sheets with the Division for the fiscal years 2017 and 2018. Both of these balance sheets purported to show a business savings account belonging to Jones Wealth Management and the Respondent that held fifteen thousand dollars (\$15,000) liquid cash; however, in December 2019, the Respondent admitted that the firm did not have such an account, but instead maintained the required minimum net capital based on the value of personal physical assets and funds held in a personal account.

5. When Mr. Rosenberg requested appraisals for the Respondent's personal physical assets, the Respondent was unable to provide such appraisals nor any documentation establishing the value of the physical assets. Additionally, the Respondent could not produce bank statements confirming that he maintained fifteen thousand dollars (\$15,000) in a personal account, when he originally claimed he could provide such bank statements.

6. As a result, the Respondent provided no documentation establishing that he kept the minimum net capital of fifteen thousand dollars (\$15,000) for the period of September 2017 through September 2019.

7. The Respondent also provided third party money manager agreements in lieu of agreements entered into between himself and his clients that set forth the fees to be charged and the manner of computation and method of payment thereof, and copies of all communications, correspondence, and other records relating to securities transactions per Tenn. Comp. R. & Regs. 0780-04-03-.02(3)(a)8. The Division only issued a warning and pursued no civil penalties based on this fact.

8. On April 24, 2020, the Commissioner executed Consent Order TSD No. 20-008 with the Respondent and his counsel that settled the deficiencies found in the examination that commenced in October 2019. As a result of the agreement, the Respondent was suspended for fifteen (15) days and a civil penalty was assessed. In addition, the Respondent was to provide “workpapers, documents, and/or records, including but not limited to bank statements, depreciation schedules, or appraisals, that exhibit, calculate, or establish the Respondents’ net worth [‘net capital work papers’]” on specific dates outlined in the Consent Order. See Consent Order TSD No. 20-008 at pg. 7. If Jones Wealth Management did not provide such net worth workpapers, then both Jones Wealth Management’s and the Respondent’s registrations would be “automatically suspended until such a date when the workpapers, documents, and/or records are provided to the Division[.]” Id.

9. Prior to or soon after the execution of the Consent Order TSD No. 20-008, the Respondent informed the Division that he would be terminating Jones Wealth Management to join another firm. He also inquired about the applicability of providing the net capital workpapers if he terminated Jones Wealth Management.

10. The Division informed him that he would not be required to provide such net capital workpapers if he terminated Jones Wealth Management.

11. On July 1, 2020, the Respondent neither terminated Jones Wealth Management nor provided the net capital workpapers. As a result, the Division enforced the Consent Order TSD 20-008 and suspended both the Respondent and Jones Wealth Management.

12. On or about July 30, 2020, Retirement Wealth Advisors, LLC (“Retirement Wealth”) with CRD # 137658 applied for registration on behalf of the Respondent to register him

as an investment adviser representative in Tennessee. At this time, Jones Wealth Management still remained an existing firm, as the Respondent had not terminated the firm.

13. In response to Retirement Wealth's application on behalf of the Respondent, the Division submitted questions about the Respondent's application. The Division specifically inquired about the Respondent's failure to disclose a second suspension from registration for not terminating Jones Wealth Management, as he previously agreed to do, and as memorialized by the Consent Order TSD No. 20-008.

14. The Division further inquired whether the Respondent charged his clients fees at any point while he was suspended, to which he answered in the affirmative. Additionally, the Respondent failed to report

15. The Respondent charged his clients fees after the Division had previously informed him that he was not to charge any fees while suspended. Furthermore, he was warned that doing so would constitute unregistered activity as an investment adviser representative.

16. On or about August 21, 2020, Retirement Wealth withdrew its application for registration, submitted on behalf of the Respondent.

17. The Division now seeks an Order of Denial of Retirement Wealth's application for registration on behalf of the Respondent for failing to comply with the Consent Order TSD No. 20-008 and for conducting unregistered activity.

II. CONCLUSIONS OF LAW

18. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

19. Tenn. Code Ann. § 48-1-116 sets forth that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

20. Tenn. Comp. R. & Regs. 0780-04-03-.01(9)(e) establishes:

The registration of an investment adviser representative shall be subject to revocation proceedings even though the registrant has filed an application to terminate his or her registration, and an application for registration as an investment adviser representative shall be subject to denial proceedings even though the applicant has filed to withdraw his or her application. The commissioner may institute a revocation or denial proceeding under T.C.A. § 48-1-112 within thirty (30) days after the filing date of an application to terminate or withdraw on Form U5 by a registrant or an applicant and enter a revocation order as of the last date on which registration was effective or a denial order as of the filing date of the request to withdraw an application. For purposes of this subparagraph, “filing date” shall mean the date upon which notice of the Form U5 filed on behalf of a registrant or an applicant is actually received by the Division through the IARD and CRD System, or for non-IARD and CRD System investment adviser representatives, the date upon which the Form U5 is received directly by the Division.

21. Tenn. Code Ann. § 48-1-109(c)(1) states that “[i]t is unlawful for any person to transact business from, in, or into this state as an investment adviser or investment adviser representative unless: [t]he person is registered as an investment adviser or investment adviser representative under this part . . .” or qualifies for an exemption, as outlined in Tenn. Code Ann. § 48-1-109(c)(2)-(3).

22. Tenn. Code Ann. § 48-1-112(a)(2)(B) provides that the Commissioner may by order deny, suspend, or revoke any registration if the Commissioner finds that the order is in the public interest and necessary for the protection of investors, and if the Commissioner finds that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any affiliate, partner,

officer, director, or any person occupying a similar status or performing similar functions “[h]as willfully violated or willfully failed to comply with any provision of this part or a predecessor chapter or any rule or order under this part or a predecessor chapter, including, without limitation, any net capital requirements[.]”

23. Tenn. Code Ann. § 48-1-112(a)(2)(E) also allows the Commissioner to suspend any registration if the Commissioner finds that the order is in the public interest and necessary for the protection of investors, and he finds that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any affiliate, partner, officer, director, or any person occupying a similar status or performing similar functions is the subject of an order of the Commissioner “suspending . . . any registration as a[n] . . . investment adviser, or investment adviser representative[.]”

24. Tenn. Code Ann. § 48-1-112(d) authorizes the Commissioner to, in lieu of or in addition to a denial, revocation, or suspension of a registration, “impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for all violations for any single transaction, or in an amount not to exceed ten thousand dollars (\$10,000) per violation if an individual who is a designated adult is a victim.”

25. The Findings of Fact detailed above show that the Respondent willfully violated and willfully failed to comply with Tenn. Code Ann. § 48-1-109(c) when he engaged in business as an investment adviser representative while not registered when he charged fees to his clients during his suspension.

26. The Findings of Fact detailed above further establish that the Respondent is the subject of an Order of the Commissioner, Consent Order TSD No. 20-008, that suspends his registration as an investment adviser representative.

III. ORDER

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. Retirement Wealth Advisors, LLC's application to register Brian Jones as an investment adviser representative in Tennessee is **DENIED**.

2. The applicant is advised that he has the right to a hearing on all matters raised in this Order of Denial. If the applicant wishes to exercise his right to a hearing, notice must be provided in writing to:

Patrick W. Merkel
Chief Counsel for Insurance, Securities, and TennCare Oversight
Tennessee Department of Commerce and Insurance
Davy Crockett Tower
500 James Robertson Pkwy
Nashville, TN 37243

3. The notice must be received within ten (10) calendar days of receipt of this Order. If the request is not timely received, this Order shall become effective as of 12:00 PM Central Time on the tenth day following service.

4. If a hearing is requested, and a notice of hearing and charges is pursued, the Division may request additional relief not requested in its petition, including but not limited to civil penalties and/or the costs of the hearing.

ENTERED AND EXECUTED September 11, 2020.


EB (Sep 11, 2020 14:30 EDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the attached Petition for an Order of Denial and Order of Denial will be served upon the Respondent via U.S. Certified Mail, Return Receipt Requested, and e-mail to the below enclosed address(es) on September 14, 2020.

Return Receipt No.: 7018 2290 0001 1619 9493

Retirement Wealth Advisors, LLC
Attn: Brian Jones and Danielle Tyler
89 Ionia Ave. NW, Suite 600
Grand Rapids, MI 59503

E-mailed on September 11, 2020: brian@jonesadvisorygroup.net

Virginia Smith

Virginia Smith