

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81471 / August 23, 2017**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4756 / August 23, 2017**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 32794 / August 23, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17878**

**In the Matter of**

**AARON R. PARTHEMER**

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING SANCTIONS PURSUANT TO  
SECTION 15(b) OF THE SECURITIES  
EXCHANGE ACT OF 1934, SECTION 203(f)  
OF THE INVESTMENT ADVISERS ACT OF  
1940, AND SECTION 9(b) OF THE  
INVESTMENT COMPANY ACT OF 1940**

**I.**

On February 10, 2017, the Securities and Exchange Commission (“Commission”) instituted public administrative and cease-and-desist proceedings against Aaron R. Parthemer (“Parthemer” or “Respondent”), pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”). The Order instituting the administrative and cease-and-desist proceedings made findings and imposed remedial sanctions and a cease-and-desist order against the Respondent. Remaining is the issue of the civil penalty, which this Order resolves.

**II.**

After institution of these proceedings, Respondent submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Making Findings and Imposing Sanctions, as set forth below.

### III.

On the basis of this Order and Parthemer's Offer, the Commission finds<sup>1</sup> that:

#### Summary

Beginning in 2009 and continuing into 2012, Aaron Parthemer participated in selling more than \$5 million of unregistered, illiquid securities to certain of his professional athlete brokerage customers and investment advisory clients in an internet branding company known as Global Village Concerns, Inc. ("GVC"). Parthemer was issued GVC stock options and warrants provided by GVC. Parthemer's conduct with respect to the sale of GVC securities occurred outside and independent of his employment with registered broker-dealers. Parthemer misrepresented and omitted material information about the GVC investments to his investment advisory clients, some of which was based on information provided to Parthemer by GVC. Parthemer presented this information to his advisory clients without conducting any due diligence to verify any of the information he provided to his advisory clients. Parthemer also used his personal communication devices and emails to communicate with his brokerage customers and others about firm business without causing copies of those communications to be sent to or preserved on the broker-dealers' respective email servers or preserved in paper form.

#### Respondent

1. Parthemer is 44 years old and resides in Fort Lauderdale, Florida. From June 2009 to October 2011 and from October 2011 to the end of April 2015 Parthemer was a registered representative and investment adviser representative of Morgan Stanley Smith Barney ("MSSB") and Wells Fargo Advisors, LLC ("WFA"), respectively. During this time, MSSB and WFA were dually registered with the Commission as broker-dealers and investment advisers. From 2005 until December 2012, Parthemer was a National Football League Players Association Registered Financial Advisor ("NFLPA Advisor"). On April 22, 2015, FINRA accepted Parthemer's Letter of Acceptance, Waiver, and Consent whereby Parthemer was barred from association with any FINRA member in any capacity.

#### Other Relevant Entities

2. GVC was a Delaware corporation incorporated in 2009 with its principal place of business in San Diego, CA. GVC was a branding and marketing company created to help high schools and non-profit organizations earn money by selling customized school or organizational memorabilia and products. GVC conducted Series A and Series B Preferred Stock Offerings (hereinafter "Series A" or "Series B") from 2009 to 2012 through which it collectively raised \$4,159,846, and convertible note offerings which raised at least \$2,545,000 during 2012. GVC is no longer operating.

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<sup>1</sup> The findings herein are made pursuant to Parthemer's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Background

3. From 2009 through 2013, Parthemer had approximately 40 active or retired professional athletes as brokerage customers and/or investment advisory clients, most of whom are members of the National Football League Players Association (“NFLPA”). During most of that time, Parthemer was a NFLPA Advisor and subject to the Regulations and Code of Conduct Governing Registered Player Financial Advisors (“NFLPA Code”) promulgated by the NFLPA.

4. Some Parthemer customers were brokerage customers, while others were fee-based investment advisory clients that paid advisory fees for which Parthemer recommended and managed their investments.

5. In May or June 2009, the GVC CEO, an existing brokerage customer of Parthemer, turned to Parthemer to help GVC raise capital and find investors. Parthemer solicited and recommended investments in GVC to his brokerage customers and advisory clients, presenting information provided to him by GVC’s CEO, and beginning in the summer of 2009 certain of Parthemer’s brokerage customers and advisory clients began investing in GVC. Parthemer’s brokerage customers and advisory clients served as the primary source of capital raised by GVC, representing approximately 75% of the approximate \$4.2 million in capital raised by the Series A and B offerings, and 100% of the \$2.5 million raised in capital by the GVC Convertible Note offerings. GVC issued stock options and warrants to benefit Parthemer in exchange for introducing his brokerage customers and advisory clients to GVC and assisting with raising capital for GVC. Parthemer had the stock options and warrants issued in the name of a company he owned and/or controlled.

6. Parthemer also facilitated his brokerage customers’ and advisory clients’ investments in GVC by handling the paperwork and money associated with closing the investments, including obtaining the necessary signatures from his brokerage customers and advisory clients and returning the paperwork to GVC, as well as transferring the capital for the investments from accounts at MSSB and WFA to GVC’s account. Parthemer also presented GVC offering materials to potential and current investors. Some of these materials included investment options that Parthemer presented to certain prospective investors in order to select the best option for the investor. GVC’s CEO communicated GVC’s financial needs to Parthemer so that he would know what GVC business objectives required further capital.

7. Parthemer never told MSSB or WFA of any of the GVC offerings, and neither MSSB nor WFA ever approved or sponsored these offerings.

8. Parthemer misrepresented and omitted material information with respect to GVC during his introductions and solicitations to his advisory clients, and when providing them GVC investment updates. For example, Parthemer suggested to one advisory client that he and his wife invest in GVC, telling him that his return on investment would be in the millions. Approximately five months later, Parthemer quantified the expected return on investment at 20% in a written report to the client. After Parthemer transitioned to WFA, he listed the value of that client’s \$200,000 GVC investment at \$500,000 in a written report that was prepared for the client. Thereafter, during periodic portfolio reviews, Parthemer told the client that the \$200,000 GVC

investment was then worth \$2 million. Parthemer also valued another advisory client's \$250,000 investment in GVC at \$350,000 as of August 2012, which was a forty percent increase in value in just six months. Parthemer did not have a reasonable basis to quantify the expected return on a GVC investment or the valuation of a GVC investment when he made those representations to his advisory clients.

9. In addition to presenting information on potential returns on investment and current valuations without conducting any due diligence, Parthemer also never disclosed to his advisory clients that GVC had or would issue GVC stock options and warrants to a company he owned and/or controlled in exchange for introducing them to GVC. Parthemer did not exercise the stock options and warrants he received from GVC. These options and warrants have since expired.

10. Parthemer actively marketed his status as a registered NFLPA Advisor when recruiting new NFL player advisory clients and serving current ones. Parthemer's business cards, email signature block, and marketing materials all highlighted his NFLPA Financial Advisor registration. The marketing materials contained internet addresses/links to the NFLPA website and invited prospective and current advisory clients to verify his credentials. The NFLPA website contained, among other things, the NFLPA Code. The NFLPA Code provides that "[b]y joining the NFLPA Financial Advisor Registration Program, all financial advisors agree to abide by rules which are designed to both protect and inform players" and "[a] Registered Player Financial Advisor shall have the duty to act in the best interest of his/her Player-clients." The NFLPA Code places importance on the special relationship between an NFLPA Advisor and a player by recognizing the advisor as a fiduciary to the player.

11. Parthemer did not disclose his lack of adherence to the NFLPA Code of Conduct flowing from his conflict regarding GVC. The NFLPA Code lists a number of requirements and prohibitions, some of which are designed to prevent actual or potential conflicts of interest with the effective representation of a NFL player. For example, the NFLPA Code prohibits "[c]onvincing a Player to purchase stock or property, or to invest in any manner, or loan money or extend credit from, any enterprise or entity in which the Registered Player Financial Advisor fails to disclose, in advance and in writing, his/her own financial or ownership interest, or that of an affiliate or a family member, to the Player." Despite these prohibitions, Parthemer solicited his NFL player advisory clients to invest in GVC without disclosing that the company he owned and/or controlled had or would receive GVC stock options and warrants.

12. Parthemer also misrepresented his NFLPA Advisor registration status. Parthemer's NFLPA registration lapsed in December 2012. Notwithstanding that lapse, Parthemer continued to identify himself to current and prospective advisory clients as a NFLPA Financial Advisor.

13. Parthemer also routinely used his personal email account and text messaging systems to communicate with his brokerage customers and others. Some of those communications pertained to MSSB and WFA brokerage business, and Parthemer did not cause copies of those communications to be sent to or preserved on the broker-dealers' respective email servers or preserved in paper form. The purpose of such emails was to provide, among other things, his customers with investment performance information; information about the customer's holdings, including identifying the investment, characterizing the risk of the investment, and providing

maturity dates; documentation to facilitate outside investments that would be funded from their brokerage account; and to receive and send his customer's financial information that would be relevant when considering investments. Parthemer received copies of MSSB's and WFA's respective policies and procedures, as well as warnings and instructions not to use personal email for business, but nevertheless ignored the policies, procedures, and warnings.

### Violations

14. As a result of the conduct described above, Parthemer willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

15. As a result of the conduct described above, Parthemer willfully violated Section 15(a) of the Exchange Act, which prohibits any broker or dealer from using the mails or any means or instrumentality of interstate commerce to effect any transactions in, or induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered with the Commission.

16. As a result of the conduct described above, Parthemer willfully aided and abetted and caused MSSB's and WFA's respective violations of Section 17(a)(1) of the Exchange Act and Rule 17a-4(b)(4) thereunder, which requires broker-dealers to preserve for at least three years originals of all communications received, and copies of all communications sent by the member, broker or dealer, relating to the broker-dealer's business as such.

### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Parthemer's Offer.

Accordingly, pursuant to Section 15(b) of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

Respondent shall, within 35 days of an order lifting the stay in his chapter 7 bankruptcy case, *In re Parthemer*, Ch. 11 Case No. 15-29830-BKC-RBR (Bankr. S.D. Fla.), or the termination of the stay in his chapter 7 bankruptcy case pursuant to Section 362(c)(2) of the Bankruptcy Code, 11 U.S.C. § 362(c)(2), whichever is first, pay a civil money penalty in the amount of \$160,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Glenn S. Gordon, Associate Director, Division of Enforcement, Securities and Exchange Commission, Miami Regional Office, 801 Brickell Ave., Suite 1800, Miami, FL 33131.

Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**VI.**

IT IS FURTHER ORDERED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Parthemer of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary