

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

DUSTIN PAUL SHAFER, an individual.

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) **File No. 2001056**
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TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT:

Dustin Paul Shafer
CRD # 4198962
1636 South Willemore Avenue
Springfield, IL 62704

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that the offer or sale of securities and/or the engagement in the business of investment adviser in or from the State of Illinois by Respondent Dustin Paul Shafer is subject to a Temporary Order of Prohibition.

The grounds for this Order are as follows:

1. Respondent Dustin Paul Shafer ("Shafer") is an Illinois resident and has a last known address of 1636 South Willemore Avenue, Springfield, IL 62704.
2. Respondent Shafer was registered as a salesperson with Newbridge Securities Corporation, in the State of Illinois between December 26, 2019 and November 4, 2020 and was subject to a 1 year heightened supervision agreement with the Firm at the request of the Department. Respondent Shafer was terminated by his Firm on November 4, 2020.
3. Respondent Shafer was also registered as an investment adviser representative with Newbridge Financial Services Group, Inc., in the State of Illinois between December 26, 2019 and November 4, 2020 and was subject to a 1 year heightened supervision

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agreement with the Firm at the request of the Department. Respondent Shafer was terminated by his Firm on November 4, 2020.

4. Respondent Shafer was previously registered as a salesperson and investment adviser representative with Money Concept Capital Corporation in the State of Illinois between June 17, 2008 and July 25, 2019.
5. From at least November 2008, Respondent Shafer began a broker-client relationship with an elderly couple who resided in the State of Illinois. Respondent Shafer acted as these Clients' broker until the husband's death in February 2019, and maintained his broker-client relationship with the 89 year old widow after his passing.
6. Through this broker and client relationship, Respondent Shafer became fully aware of the Illinois residents' financial position.
7. Sometime in January 2019, Respondent Shafer began discussing his financial difficulties with the 89 year old soon to be widowed Illinois resident.
8. On or around January 29, 2019, Respondent Shafer asked this 89 year old client to borrow money to pay some bills. The client agreed to lend the money to Respondent Shafer and gave him a check for \$10,000 drawn from her checking account.
9. Respondent borrowed another \$13,678 from the same client on or around May 23, 2019. Again, the client gave Respondent Shafer a check drawn from her checking account.
10. On or around September 24, 2019, the client loaned Respondent Shafer another \$15,000 again giving him a check drawn from her checking account. At this point a promissory note was signed by Respondent Shafer and his client evidencing the three sums borrowed by Respondent Shafer. The note was unsecured, did not charge interest, and did not have a re-payment schedule.
11. On or around September 24, 2019, Respondent Shafer gave his client a check in the amount of \$10,000 post dated 4/15/2020, and advised her not to attempt to cash it until after the post date.
12. On or around March 2, 2020, Respondent Shafer borrowed another \$20,000 from the same Illinois client. Again the client gave Respondent Shafer a check drawn from her checking account.
13. In July of 2020, client attempted to deposit the \$10,000 check, given to her by Respondent Shafer on September 24, 2019, into her bank account, and was informed by her bank that the originating bank account that the check was drawn on had been closed.
14. During the timeframe when these loans were being made, Respondent Shafer continued to manage the Illinois resident's accounts as her broker executing many buys and sells in her account.

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15. In March 2019 and while still with Money Concepts, the Illinois resident had a little over \$600,000 in her brokerage account with roughly 58% of her portfolio invested in equities consisting of common and preferred stocks, and 42% of her portfolio invested in mutual funds. In March and April 2019, Respondent Shafer executed 16 buys and sells in the Illinois resident's account.
16. In January 2020, Respondent Shafer transferred the Illinois resident's account to Newbridge. The account had \$668,000, with 96% invested in what was termed preferreds consisting of different series A options, 3% in equities invested in preferred stock, and 1% invested in the money market.
17. From January 2020 through October 2020, Respondent Shafer actively managed the account executing several transactions including transactions in the money market, selling all of the preferreds (options) in May 2020, and investing in equities and Mutual funds. By the time the account was closed in early October, the account was invested 90% in equities and 10% in mutual funds.
18. To date, the client has not received any return of the \$58,678 she lent to Respondent Shafer.
19. Section 8.E(1)(c) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson or investment adviser representative may be denied, suspended or revoked if the Secretary of State finds that the dealer has failed to account for any money or property, to any person entitled thereto when due or within a reasonable time thereafter.
20. FINRA rule 3240 states that no person associated with a member in any registered capacity may borrow money or lend money to any customer of such person unless an exemption applies. No exemption applies in this instance.
21. Section 8.E(1)(m) of the Act states *inter alia* that subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson or investment adviser representative may be denied, suspended or revoked if the Secretary of State finds that the salesperson or investment adviser representative has conducted a continuing course of dealing of such nature as to demonstrate an inability to properly conduct the business of the salesperson or investment adviser representative.
22. Section 12.F states *inter alia* it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
23. By virtue of the foregoing, Respondent Shafer has failed to account for money entitled to his client, has demonstrated an inability to properly conduct the business of the salesperson or investment adviser representative, has engaged in a practice or course of business in connection with the sale of securities which tends to work a fraud or deceit

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upon the purchaser, and is therefore in violation of Sections 8.E(1)(c), 8.E(1)(m), and 12.F of the Illinois Securities Law of 1953.

24. Section 11.F(2) of the Act states *inter alia* the Secretary of State may temporarily prohibit, for a maximum period of 90 days, by an order effective immediately, the offer or sale of securities, or the offer or sale of securities by any person, or the business of rendering investment advice without the notice and prior hearing in this subsection prescribed, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of this Act.
25. The entry of this **Temporary Order** suspending **Respondent Dustin Paul Shafer** from the offer and sale of securities and from engaging in the business of investment advice in or from the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW IT IS HEREBY ORDERED THAT:

Respondent **DUSTIN PAUL SHAFER** is PROHIBITED from the offer or sale of securities in or from the State of Illinois, and PROHIBITED from engaging in the business of an investment adviser representative in or from the State of Illinois for a period of 90 days, subject to further order of the Secretary of State.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to Enforcement Attorney, Frank LoScuito, Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

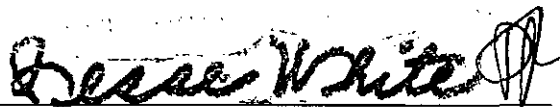
YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ISSUANCE OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.

You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. Failure to ~~to~~ appear shall constitute default unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Departments website:

<http://www.cyberdriveillinois.com/departments/securities/abtil.html>

Date of Mailing: 22nd day of December 2020

A handwritten signature in black ink that reads "Jesse White". The signature is written in a cursive style and is positioned above a horizontal line.

JESSE WHITE
Secretary of State
State of Illinois

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