

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
LICENSING, COMPLIANCE AND	:	
ENFORCEMENT	:	DOCKET No. 13 <u>058</u> (SEC-CAO)
	:	
v.	:	
	:	
RICHARD J. GOBEL	:	

PAID TO THE COMMONWEALTH OF PENNSYLVANIA
BANKING AND SECURITIES

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Licensing, Compliance and Enforcement (“Bureau”) has conducted an investigation of the business practices of Richard J. Gobel (“Gobel”). Based on the results of its investigation, the Bureau has concluded that Gobel has engaged in activity in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. (“1972 Act”). Gobel, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order (“Order”).

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.
3. Gobel CRD#1161317, was, at all times material herein, an individual with an address at 185 Wunderly Drive, McKeesport, Pennsylvania 15133.

4. From July 2004 until January 2007, Gobel was registered pursuant to Section 301 of the 1972 Act, 70 P.S. §1-301 as an agent for Allegheny Investments, Ltd. CRD#7597.

5. From January 2007 until September 2011, Gobel was registered pursuant to Section 301 of the 1972 Act, 70 P.S. §1-301 as an agent for Wall Street Financial Group, Inc. CRD#35830.

6. From in or about January 2006 until September 2011, Gobel, using a trading “strategy” purportedly developed by Gobel (the “Program”), excessively traded in the accounts of at least eleven clients (the “Clients”), all of whom were Pennsylvania residents.

7. The Program consisted of the extensive, rapid, day-trading of primarily penny stocks.

8. From in or about January 2006 until September 2011, Gobel executed at least 21,985 trades in the Clients’ accounts; as a result of these trades, Gobel generated at least \$843,155 in commissions paid to Gobel.

9. From in or about January 2006 until September 2011, the Program’s high trading volume resulted in at least \$2,536,281.51 in losses in the Clients’ accounts.

10. Some or all of the Clients had a low tolerance for risk and some or all of the Clients depended on the funds in the Clients’ accounts for income.

11. Gobel induced trading in the Clients’ accounts which was excessive in size and frequency in view of the financial resources of the Clients and character of the accounts.

12. At all times material herein, seven of the Clients were over age 60.

VIOLATIONS

13. By engaging in the acts and conduct set forth in paragraphs 3 through 12 above, Gobel, in connection with the offer and sale of securities to Pennsylvania residents, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P.S. §1-401(c).

14. By engaging in the acts and conduct set forth in paragraphs 3 through 12 above, Gobel, as an agent, effected transactions in securities in Pennsylvania by means of a manipulative, deceptive, or other fraudulent scheme, device, or contrivance, in willful violation of Section 403 of the 1972 Act, 70 P.S. §1-403 and Regulation 403.010, 10 Pa. Code §401.010.

AUTHORITY

15. Because Gobel, in connection with the offer and sale of securities to Pennsylvania residents, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P.S. §1-401(c), the Department may permanently bar Gobel pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

16. Because Gobel, as an agent, effected transactions in securities in Pennsylvania by means of a manipulative, deceptive, or other fraudulent scheme, device, or contrivance, in willful violation of Section 403 of the 1972 Act, 70 P.S. §1-403 and Regulation 403.010, 10 Pa. Code §1401.010, the Department may permanently bar Gobel pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

RELIEF

17. Pursuant to Sections 512(a)(1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S. § 512(a)(1), (2), (3), (4), and (5), Gobel is permanently BARRED from the date of this order from:

- a. Representing an issuer offering or selling securities in this State;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act;
or
- e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

18. Within 30 days of the Effective Date of this Order, as defined in Paragraph 26, Gobel shall pay the Department an administrative assessment in the amount of \$2,500. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Bureau of Licensing, Compliance and Enforcement located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

19. Gobel is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 401(c) and 403.

20. Should Gobel fail to pay the assessment as set forth in paragraph 18, above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording Gobel the option of either paying the assessment or being indefinitely subjected to the sanctions.

21. Should Gobel fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to Gobel's right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

22. Consent. Gobel hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. Gobel, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

23. Entire Agreement. This Order contains the entire agreement between the Department and Gobel. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and Gobel.

24. Binding Nature. The Department, Gobel, and all officers, owners, directors, employees, heirs and assigns of Gobel intend to be and are legally bound by the terms of this Order.

25. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

26. Effectiveness. Gobel hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (“Effective Date”).

27. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Gobel in the future regarding all matters not resolved by this Order.

(b) Gobel acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

28. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

29. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

30. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

31. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities,

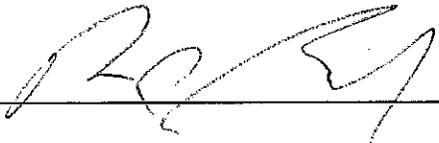
Licensing, Compliance and Enforcement and Richard J. Gobel, intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND ENFORCEMENT**

Victoria A. Reider
Executive Deputy Secretary of Banking *SECURITIES*

Date: 9/16/13

FOR RICHARD J. GOBEL



Date: 08/23/2013

