

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

BA DEPARTMENT OF
BANKING AND SECURITIES

[illegible]

Docket No. : 16 0062 (SEC-OSC)

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Stefanie Zikos Hamilton
Deputy Chief Counsel for Securities
Department of Banking and Securities
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

Once you file your Answer, you will be notified of pertinent information such as the name of the presiding officer designated by the Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

All procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1:-35.251.

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No. : 16 0062 (SEC-OSC)

v.

MARTINO AND MILES, INC.
d/b/a PEERLESS ADVISORS

DARYL S. MARTINO

ORDER TO SHOW CAUSE

You, Martino and Miles, Inc. d/b/a Peerless Advisors and Daryl S. Martino, are notified that the Department of Banking and Securities ("Department"), through the Bureau of Securities Compliance and Examinations ("Bureau"), hereby **ORDERS YOU TO SHOW CAUSE** why the Banking and Securities Commission ("Commission") should not impose the sanctions and remedies described below. Specifically, this proceeding is instituted pursuant to 1 Pa. Code § 35.14 to determine:

- (1) whether the allegations set forth below are true; and
- (2) if these allegations are true, whether there has been a violation of the Pennsylvania Securities Act of 1972 ("1972 Act") or of the regulations promulgated thereunder; and
- (3) if so, whether the sanctions and remedies proposed by the Bureau should be imposed by the Commission.

The Bureau alleges the following facts and violations of law for the purpose of tentatively framing the issues for consideration by the Commission. The Commission may consider this

matter directly, or may designate a hearing officer to issue a recommended decision prior to the Commission issuing a final order.

**STATEMENT OF THE PARTICULARS AND MATTERS CONCERNING
WHICH THE BUREAU IS INQUIRING PARTIES**

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. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

4. Respondent Martino and Miles, Inc. d/b/a Peerless Advisors ("Peerless") CRD#135461, was, at all times material herein, a Pennsylvania corporation with addresses at 1060 First Avenue, Suite 400, King of Prussia, Pennsylvania 19406 and P.O. Box 613, Oaks, Pennsylvania 19456.

5. Respondent Daryl S. Martino ("Respondent Martino"), CRD#2659386, was, at all times material herein, the president of Peerless and an individual with addresses at 1060 First Avenue, Suite 400, King of Prussia, Pennsylvania 19406, P.O. Box 613, Oaks, Pennsylvania 19456, and Redacted

FACTUAL ALLEGATIONS

6. From in or about July 2008 until the present, Respondent Peerless has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. 1-301(c) as an investment adviser.

7. From in or about January 2008 until the present, Respondent Martino has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. 1-301(c) as an investment adviser representative of Respondent Peerless.

8. As president of Respondent Peerless, Respondent Martino acted as an "affiliate" of Respondent Peerless within the meaning of Section 102(b) of the Act, 70 P.S. §1-102(b), and, as such, caused Respondent Peerless to commit the herein stated acts which violated the 1972 Act.

9. According to the Uniform Application for Investment Adviser Registration ("Form ADV") filed by Respondent Peerless, Respondent Peerless has a principal office and place of business at 1060 First Avenue, Suite 400, King of Prussia, Pennsylvania 19406 ("Peerless Address"). The Peerless Address is the address of the King of Prussia location of American Executive Centers ("AEC"), an entity which leases office space to businesses and individuals.

10. On May 9, 2016, Staff mailed a letter ("Staff's Letter") to Respondent Peerless and Respondent Martino at the Peerless Address. Staff's Letter requested that Respondent Peerless and Respondent Martino respond to deficiencies cited during an April 20, 2015 exam of Respondent Peerless, which exam was conducted pursuant to Section 304(d) of the 1972 Act, 70 P.S. §304(d).

11. According to the United States Postal Service ("USPS") tracking information, the USPS attempted to deliver Staff's Letter to the Peerless Address on May 12, 2016. The USPS tracking information indicated that Staff's Letter was "undeliverable as addressed." According to USPS tracking information, on May 20, 2016, Staff's Letter was re-routed and delivered at another AEC location in Bala Cynwyd, Pennsylvania.

12. On June 6, 2016, Staff contacted the Bala Cynwyd location of AEC and spoke with a representative of AEC. The representative told Staff that the King of Prussia location for AEC

was closed and that Respondent Peerless was on the AEC office roster for the Bala Cynwyd location for AEC. The representative told Staff that Staff's Letter was in Respondent Peerless' mail bin; Staff never received a response to Staff's Letter from either Respondent Peerless or Respondent Martino.

13. According to Department Regulation 303.012(d), 10 Pa. Code 303.012(d), "An investment adviser registered under the act shall take steps necessary to ensure that material information in its Form ADV and exhibits remains current and accurate. If a material statement made in Form ADV and exhibits becomes incorrect or inaccurate the investment adviser shall file with the Department an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment."

14. Respondent Peerless never filed an amendment on Form ADV indicating a change of address for Respondent Peerless.

COUNTS

Violation of Section 305(a)(v) of the 1972 Act, 70 P.S. §1-305(a)(v)

15. Paragraphs 1 through 14 are incorporated herein by reference as if set forth in their entirety.

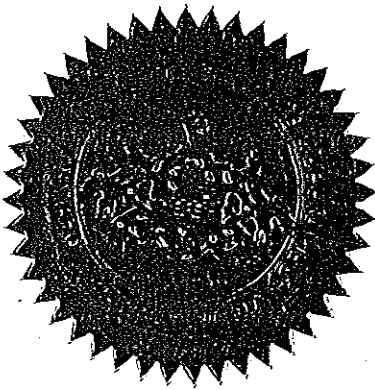
16. By engaging in the acts and conduct set forth in paragraphs 6 through 14 of the Factual Allegations, Respondent Peerless and Respondent Martino have willfully violated provisions of the 1972 Act, which acts and conduct form a basis to suspend, revoke, or condition the registration of Respondent Peerless and Respondent Martino.

SANCTIONS AND REMEDIES

WHEREAS, the Bureau respectfully requests the penalties and relief pursuant to its authority under the 1972 Act:

1. That an order be issued pursuant to Section 305 of the 1972 Act, 70 P.S. § 1-305 that the registration of Respondent Peerless and Respondent Martino be suspended, revoked, or conditioned or that Respondent Peerless and Respondent Martino be censured.

IT IS SO ORDERED.



FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND
EXAMINATIONS

Redacted

Joseph J. Minisi/
Deputy Secretary of Securities

Dated: 11/7/16

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

Docket No. : 16 0062 (SEC-OSC)

v.

MARTINO AND MILES, INC.
d/b/a PEERLESS ADVISORS

DARYL S. MARTINO

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order to Show Cause upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL

Martino and Miles, Inc.
d/b/a Peerless Advisors
1060 First Avenue, Suite 400
King of Prussia, PA 19406

Martino and Miles, Inc.
d/b/a Peerless Advisors
P.O. Box 613
Oaks, PA 19456

Daryl S. Martino
1060 First Avenue, Suite 400
King of Prussia, PA 19406

Daryl S. Martino
P.O. Box 613
Oaks, PA 19456

Daryl S. Martino

Redacted

Dated this 7 day of November, 2016.

Redacted

~~Stefanie Hamilton~~
Deputy Chief Counsel for Securities
Attorney ID #81668
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471