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2020 NOV -9 AM 9: 59

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. : 20 0054 (SEC-OSC)

v.

RICHARD K. ARMON

NOTICE TO ANSWER AND RIGHT TO REQUEST A HEARING

You, Richard K. Armon, have the right to challenge the attached Order to Show Cause (“Order”) by filing an Answer, in writing, with the Docket Clerk within **30 days** of the date of this Order as required by 1 Pa. Code § 35.37. **If you do not file an Answer within 30 days, then you waive your right to a hearing and the Banking and Securities Commission (“Commission”) may enter a final order against you.**

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon, and state concisely the law upon which you rely. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing.

The Answer and any other documents must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101

Further, you must serve a copy of the Answer and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

John Chiappetta
Assistant Counsel
Department of Banking and Securities
301 5th Avenue, Suite 2900
Pittsburgh, PA 15222

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.

The hearing and all other 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

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COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITES	:	
COMPLIANCE AND EXAMINATIONS	:	
	:	Docket No. : 20 <u>0054</u> (SEC-OSC)
v.	:	
	:	
RICHARD K. ARMON	:	

ORDER TO SHOW CAUSE

You, Richard K. Armon (“Respondent Armon”), 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 Armon (CRD #5950136) was, at all times material herein, an individual with an address at Redacted .
At all times material herein, Armon has been registered in Pennsylvania as investment advisor representative with Wealth Preservation Consultants, LLC (“WPC”) (CRD #158529). Armon is the owner, managing director, and CCO for WPC.

FACTUAL ALLEGATIONS

5. Complete Business Solutions Group, Inc. d/b/a PAR Funding (“CBSG”) was, at all times material herein, a Pennsylvania corporation with an address at 141 N. Second Street, Philadelphia, Pennsylvania 19106.

6. CBSG was, at all times material herein, engaged in the business of providing working capital to merchants through the purchase of an interest in a designated portion of the merchant's future accounts and receivables.

7. At all times material herein, CBSG offered for sale "Non-Negotiable Term Promissory Notes" ("CBSG Notes") to investors.

8. In or about November 2016, Respondent Armon offered and sold at least 1 CBSG Note to at least 1 Pennsylvania resident ("PA Resident") for an aggregate amount of at least \$50,000.

9. The term of the CBSG Note was 1 year.

10. The rates of return for the CBSG Note was 15% per annum.

11. For Respondent Armon's sale of the CBSG Note, Respondent Armon received at least \$3,875 in compensation from CBSG.

12. The CBSG Note described above is a "security" within the meaning of Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

13. CBSG is the "issuer" of the CBSG Note within the meaning of Section 102(l) of the 1972 Act, 70 P.S. §1-102(l).

14. Respondent Armon represented CBSG in effecting or attempting to effect purchases or sales of the CBSG Notes in Pennsylvania.

15. Respondent Armon was neither registered as an agent pursuant to Section 301 of the 1972 Act, 70 P.S. §1-301, nor exempt from registration

16. Respondent Armon failed to provide some or all of the PA Residents with financial statements regarding CBSG, which disclosure would have been material for a reasonable investor to make an informed decision. To the extent that CBSG did not have disclosure documents,

Respondent Armon failed to disclose their nonexistence which would have been material for a reasonable investor to make an informed investment decision.

17. Respondent Armon failed to disclose the following material information concerning some or all of the following to some or all of the PA Residents:

- a. The financial condition of CBSG;
- b. The financial risk of investing in the CBSG Notes;
- c. The identity and background of the corporate officers of CBSG; and,
- d. CBSG's operating history.

Violation of Section 301(a) of the 1972 Act, 70 P.S. §1-301(a)

1 Count

18. Paragraphs 1 through 17 are incorporated herein by reference as if set forth in their entirety.

19. By engaging in the acts and conduct set forth in paragraphs 5 through 15 of the Factual Allegations, Respondent Armon effected transactions in securities in Pennsylvania while neither registered nor exempt from registration in willful violation of Section 301(a) of the 1972 Act, 70 P.S. §1-301(a).

Violation of Section 401(b) of the 1972 Act, 70 P.S. §1-401(b)

1 Count

20. Paragraphs 1 through 19 are incorporated herein by reference as if set forth in their entirety.

21. By engaging in the acts and conduct set forth in paragraphs 5 through 17 of the Factual Allegations, Respondent Armon has, in connection with the offer, sale or purchase of a security in the State, directly or indirectly, made untrue statements of material fact or omitted to

state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. §1-401(b).

SANCTIONS AND REMEDIES

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

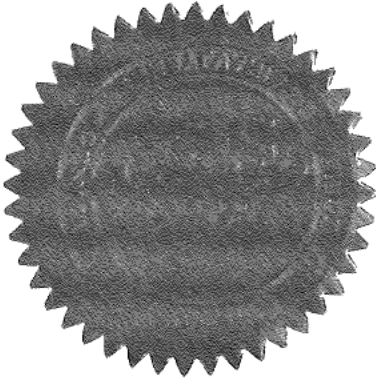
1. That an order be issued pursuant to Section 512 of the 1972 Act, 70 P.S. § 1-512, which bars, conditionally or unconditionally, and either permanently or for such period of time as may be determined, Respondent Armon from:

- 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;

2. That Respondent Armon be ordered to pay the costs of the investigation pursuant to Section 602.1(b) of the 1972 Act, 70.P.S. § 1-602.1(b).

3. That Respondent Armon be ordered to pay an administrative assessment of up to \$50,000.00 for each act or omission constituting a willful violation of the 1972 Act, pursuant to Section 602.1(c) of the 1972 Act, 70 P.S. § 1-602.1(c).

IT IS SO ORDERED.



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

Redacted

Wendy ~~Spicher~~
Acting Deputy Secretary of Securities

Dated: November 5th, 2020

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v.

RICHARD K. ARMON

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

Richard K. Armon

Redacted

Dated this 10th day of November, 2020

Redacted

Eileen Smith, Administrative Officer
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471