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COMMONWEALTH OF PENNSYLVANIA 2023 JUN 28 AM 7:55  
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. : 230011 (SEC-OSC)

v.

MEGAANNUM CAPITAL, LLC  
PHILIP MICHAEL MASCHERINO

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”), has conducted an investigation of the business practices of Megaannum Capital, LLC (“Megaannum”) and its officers and employees. Based on the results of its investigation, the Bureau has concluded that Megaannum has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* (“1972 Act”). Megaannum, 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. Megaannum, CRD # 171002, was, at all material times herein, a Pennsylvania limited liability company with an address at 341. E. Lancaster Avenue, Downingtown, Pennsylvania 19335.

4. From in or about January 2016 through the present, Megaannum has been registered in Pennsylvania as an investment advisor pursuant to Section 301(c) of the 1972 Act, 70 P.S. §1-301(c).

5. From in or about January 2016 until the present, Megaannum did not maintain a reasonable system for applying and enforcing written procedures pertaining to the purchase, sale and exchange of inverse and leveraged exchange-traded funds (“ETFs”) and exchange-traded notes (“ETNs”) by one agent in Pennsylvania on behalf of certain of his clients who were residents of Pennsylvania.

#### **VIOLATION**

6. By engaging in the acts and conduct set forth in paragraphs 3 through 5 above, Megaannum failed to supervise one agent in connection with his purchase, sale or exchange of inverse and leveraged ETFs and ETNs on behalf of certain of his clients in Pennsylvania, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Megaannum or to censure Megaannum pursuant to Section 305(a)(vii) of the 1972 Act, 70 P.S. 1-305(a)(vii).

#### **RELIEF**

7. Megaannum shall pay the Department an administrative assessment in the amount of \$20,000. 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 Securities Compliance and Examinations located at 17N. Second Street, Suite 1300, Harrisburg, Pennsylvania 17101. The assessment shall be paid as follows:

- a. \$2,500 on or before July 15, 2023;
- b. \$2,500 on or before October 15, 2023;
- c. \$2,500 on or before January 15, 2024;
- d. \$2,500 on or before April 15, 2024;
- e. \$2,500 on or before July 15, 2024;
- f. \$2,500 on or before October 15, 2024;
- g. \$2,500 on or before January 15, 2025; and
- h. \$2,500 on or before April 15, 2025.

8. Megaannum is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 305(a)(vii) of the 1972 Act, 70 P.S. § 1-305(a)(vii).

9. Should Megaannum fail to pay the assessment as set forth in paragraph 7 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 Megaannum the option of either paying the assessment or being indefinitely subject to the sanctions.

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

#### **FURTHER PROVISIONS**

11. Consent. Megaannum 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. Megaannum, 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.

12. Entire Agreement. This Order contains the entire agreement between the Department and Megaannum. 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 Megaannum.

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

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

15. Effectiveness. Megaannum hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

16. 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 Megaannum in the future regarding all matters not resolved by this Order.

(b) Megaannum 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.

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

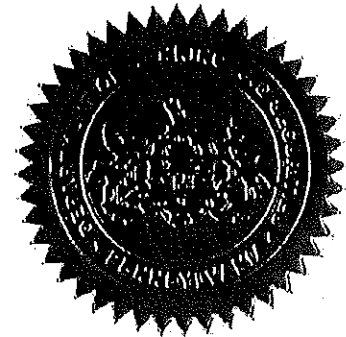
18. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

19. 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.

20. 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 Compliance and Examinations and Megaannum Capital, LLC, 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 COMPLIANCE AND EXAMINATIONS**



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\_\_\_\_\_  
Eric Pistilli, Deputy Secretary for Securities

Date: 06/27/2023

**FOR MEGAANNUM CAPITAL, LLC**

Redacted

\_\_\_\_\_  
(Signature)

Philip Mascherino

(Print Officer Name)

Date: 6/27/2023