

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:**

**Raymond J. Saldi and  
RJS Enterprises, Inc.,**

**Respondents.**

---

**ORDER TO CEASE AND DESIST**

**Matter No. 15003**

**WHEREAS**, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

**WHEREAS**, the Division received information regarding alleged securities-related activities of Raymond J. Saldi (“Saldi”) and RJS Enterprises, Inc. (“RJS”) (collectively, the “Respondents”); and

**WHEREAS**, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

**WHEREAS**, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

**I. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

## **II. RESPONDENTS**

2. Respondent Raymond J. Saldi is a South Carolina resident with a last known address of 4552 River Road, Little River, South Carolina 29566.

3. Respondent RJS Enterprises, Inc. is a purported corporation with a last known address of 4552 River Road, Little River, South Carolina 29566.

## **III. FINDINGS OF FACT**

4. During the period 2003 to the present (the “Relevant Period”), Saldi has operated in South Carolina while holding himself out as an investment adviser representative of RJS and offering to manage investments on behalf of customers.

5. Alleging knowledge of the stock markets, Saldi offers to trade securities on behalf of customers in exchange for a fee based on the amount of customer assets under management.

6. In addition, RJS and Saldi’s printed fee schedule, which was distributed to at least one South Carolina resident, called for Saldi to receive certain performance bonuses in addition to his management fees.

7. During the Relevant Period, Saldi and RJS provided at least one South Carolina customer with quarterly bills based on this annual fee schedule.

8. The bills provided by Saldi and RJS to at least one South Carolina customer include handwritten comments from Saldi referencing the performance of the customer’s account.

9. At no time during the Relevant Period was RJS registered with the Division as an investment adviser.

10. At no time during the Relevant Period was Saldi registered with the Division as an investment adviser representative.

11. At least seven (7) South Carolina investors and at least one non-South Carolina investor (the "Investors") placed investments with Saldi.

12. In order to manage the Investors' investments, Saldi required each of the Investors to open at least one, and often several, online brokerage accounts through what was then Ameritrade, Inc. ("Ameritrade") and is now known as TD Ameritrade Clearing, Inc., CRD No. 5633 ("TDA").

13. Ameritrade and, subsequently, TDA's account opening forms required certain client personal identifying information to be provided by each client, including the client's name, address, social security number, and e-mail address.

14. In lieu of each of the Investors' e-mail addresses, Saldi placed or instructed the Investors to place one or more of his own e-mail addresses (the "Saldi Email Addresses") on each of the Investors' account opening forms.

15. The substitution of the Saldi Email Addresses enabled Saldi to access the online brokerage accounts and to exercise sole control and discretion over the Investors' accounts.

16. In all, at least fifteen (15) Investors held accounts at TDA, each using Saldi Email Addresses.

17. In addition, at least one of the Investors' ("Investor 1") account statements and other account documentation were mailed directly to Saldi's home mailing address.

18. Further, during the Relevant Period, Saldi traded securities in Investor 1's accounts without informing Investor 1 of such trades.

19. At no time during the Relevant Period did Saldi inform the Investors that neither he nor RJS were properly registered with the Division pursuant to the Act.

#### **IV. CONCLUSIONS OF LAW**

20. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

21. The Act defines an investment adviser as a person that, for compensation, engages in the business of advising others as to the value of securities or the advisability of investing in, purchasing, or selling securities.

22. Pursuant to S.C. Code Ann. § 35-1-403(a), it is unlawful for a person to transact business as an investment adviser in this State unless that individual is registered or exempt from registration.

23. The Act defines an investment adviser representative as, *inter alia*, an individual employed by or associated with an investment adviser who makes recommendations or otherwise gives investment advice regarding securities, manages securities accounts or portfolios of clients, or holds himself out as providing investment advice regarding securities.

24. Pursuant to S.C. Code Ann. § 35-1-403(d), it is unlawful for an investment adviser to employ or associate with an individual required to be registered pursuant to the Act unless that person is registered pursuant to the Act or exempt from registration.

25. Pursuant to S.C. Code Ann. § 35-1-404(a), it is unlawful for a person to transact business as an investment adviser representative in this State unless that individual is registered or exempt from registration.

26. Pursuant to S.C. Code of Regulations 13-502, investment advisers and investment adviser representatives are required to observe high standards of commercial honor and just and equitable principals of trade in the conduct of their business and avoid engaging in dishonest and unethical conduct.

27. RJS was not registered with the Division as an investment adviser, nor was it exempt from registration.

28. RJS acted as an investment adviser without being registered or exempt from registration under the Act.

29. Saldi was not registered with the Division as an investment adviser representative, nor was he exempt from registration.

30. Saldi held himself out as and acted as an investment adviser representative without being registered as such in violation of the Act.

31. RJS employed Saldi as an unregistered investment adviser representative in violation of the Act.

32. The giving of investment advice without proper registration, exercise of discretion in client accounts without written authority to do so, the use of performance-based fees, and the failure to disclose a lack of proper registration constitute dishonest and unethical practices under the Act.

33. Pursuant to S.C. Code Ann. § 35-1-604(a)(1), if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act.

34. Pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under § 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation sought, a statement of the reasons for the order, and notice that, within fifteen (15) days after the receipt of a request in a record from a Respondent, the matter will be scheduled for a hearing as to that Respondent.

#### **V. CEASE AND DESIST ORDER**

**NOW THEREFORE**, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. The Respondents and every successor, affiliate, control person, agent, servant, and employee of each Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of any Respondent **CEASE AND DESIST** from transacting business in this State in violation of the Act and the rules and regulations promulgated thereunder;
- b. Respondent RJS shall pay a fine in the amount of one hundred thousand dollars (\$100,000); and

- c. Respondent Saldi shall pay a fine in the amount of one hundred thousand dollars (\$100,000).

## **VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

The Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from a Respondent, will schedule the hearing for the requesting Respondent(s).

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.


This Order does not prevent the Division or any other law enforcement agency from seeking additional civil or criminal remedies that are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 17<sup>th</sup> day of March, 2016.

ALAN WILSON  
SECURITIES COMMISSIONER

By: Tracy Meyers  
TRACY A. MEYERS  
Deputy Securities Commissioner

**ISSUANCE REQUESTED BY:**



IAN P. WESCHLER  
Assistant Attorney General  
Securities Division  
Rembert C. Dennis Building  
1000 Assembly Street  
Columbia, South Carolina 29201