

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

*

ALBERT HARKLESS, III

*

Securities Docket No. 2019-0091

Respondent

*

* * * * *

ORDER TO SHOW CAUSE

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and 2018 Supp.) (the “Act” or “Securities Act”), undertook an investigation into the activities of Albert Harkless, III (“Respondent”); and

WHEREAS, on the basis of that investigation the Securities Commissioner has determined that Respondent may have violated the antifraud provisions of the Securities Act; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Order to Show Cause;

NOW THEREFORE, pursuant to section 11-701.1(a) of the Act, it is hereby:

ORDERED, that Respondent show cause why he should not be barred permanently from engaging in the securities and investment advisory business in Maryland for or on behalf of others, or from acting as principal or consultant for any such business, why a monetary penalty of \$5,000 per violation should not be entered against Respondent, and why any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1 should not be entered.

The Commissioner alleges the following as a basis for this Order to Show Cause:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENT

2. Respondent resides in Prince Georges County, Maryland. He was registered as a broker-dealer agent with PFS investments, Inc. from October 7, 1996 to December 31, 1997, June 29, 1999 to December 31, 2000, and June 27, 2001 to October 26, 2018 in the State of Maryland. He has never been registered as a broker-dealer, investment adviser or investment adviser representative in the State of Maryland.

III. STATEMENT OF FACTS

3. In March 2010, Respondent entered into an agreement with an investor in Maryland to purchase 406 shares of Primerica, Inc. at its initial public offering (“IPO”). The investor gave Respondent \$6,100 for the purchase.

4. Respondent did not purchase the shares. On information and belief, Respondent kept the funds for personal use.

5. On or about September 2, 2018, Respondent entered into an agreement to pay the investor \$1,500 per month based on a share price of \$100 per share until the investor was paid for the shares which Respondent was supposed to purchase.

6. To date, Respondent has paid the investor \$10,765. Respondent has stopped making payments to the investor.

COUNT I

(Fraud in Connection with the Offer or Sale of Securities - section 11-301)

WHEREAS, section 11-301 of the Securities Act makes it unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to:

- (1) employ any device, scheme or artifice to defraud;
- (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person; and

WHEREAS, Respondent employed a device, scheme or artifice to defraud in the offer and sale of securities by failing to disclose that he would not purchase the Primerica shares at the IPO but instead would keep the funds for personal expenses; and

WHEREAS, Respondent omitted to state material facts, including but not limited to the fact that he would not purchase the Primerica shares at the IPO but instead would keep the funds for personal expenses; and

WHEREAS, by engaging in the offer to purchase Primerica IPO shares without disclosing he would not purchase the Primerica shares at the IPO Respondent engaged in activities that operated as a fraud or deceit on an investor; and

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why a final order should not be issued against him that orders Respondent to cease and desist from engaging in the offer and sale of securities in violation of the antifraud provisions of section 11-301 of the Securities Act, assesses Respondent the statutory penalty of \$5,000 per violation, permanently bars Respondent from engaging in the securities and investment advisory business in Maryland, and orders any other sanction or combination of sanctions against Respondent as permitted under section 11-701.1.

**REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING**

IT IS FURTHER ORDERED, pursuant to section 11-701.1 of the Act and COMAR

02.02.06.06, Respondent shall file with the Commissioner a written Answer to this Order within 15 days of service of the Order. The Answer shall admit or deny each factual allegation in the Order and shall set forth affirmative defenses, if any. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

The Answer also shall indicate whether the Respondent requests a hearing. A hearing will be scheduled in this matter if one is requested in writing. Failure by Respondent to file a written request for a hearing in this matter shall be deemed a waiver by Respondent of the right to such a hearing.

Failure of Respondent to file an Answer, including a request for a hearing, shall result in entry of a final order:

- (a) imposing on Respondent a monetary penalty of up to \$5,000 per violation of the Securities Act;
- (b) barring Respondent from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged; and
- (c) imposing any other sanctions or combination of sanctions lawful under section 11-701.1 of the Act.

SO ORDERED:

**Commissioner's Signature on File
w/Original Document**

July 2, 2019

Melanie Senter Lubin
Maryland Securities Commissioner

