

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

IN THE MATTER OF:

*

DOUGLAS A. JIMERSON,

*

Securities Docket No. 2020-0138

Respondent

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* * * * *

CONSENT ORDER

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 Supp. 2021) (the “Act”), investigated the investment advisory and securities related activities of Douglas A. Jimerson, (“Respondent”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) has determined that Respondent has engaged in acts or practices constituting a violation of the Act; and

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, and prior to the initiation of any formal proceeding, the Commissioner and Respondent have reached an agreement to resolve this matter; and

WHEREAS, Respondent, without admitting or denying any conclusion of law, except that Respondent expressly consents to the Commissioner’s jurisdiction in this proceeding pursuant to section 11-701.1 of the Act, to the Commissioner’s findings of fact, and to the terms of this Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this

Consent Order.

NOW, THEREFORE, THE COMMISSIONER FINDS:

I. JURISDICTION

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

II. RESPONDENT

2. Respondent resides in Howard County, Maryland. From November 1990 until December 2007, Respondent was registered in Maryland as an investment adviser representative for National Investment Advisors, Inc. From February 1998 until May 1999, Respondent was registered in Maryland as a broker-dealer agent for Wall Street Strategies, Inc. From October 1986 until December 1997, Respondent was registered in Maryland as a broker-dealer agent for H. Beck, Inc. On December 27, 2007, the Securities and Exchange Commission (“SEC”) issued a Final Order in which Respondent consented to the SEC barring him from association with any investment adviser or any future securities law violations for his perpetration of a fraudulent insurance investment scheme that led to significant investor damage and hundreds of thousands of dollars of improper and illegal fees retained by Respondent and the advisory company he operated. *See In the Matter of National Investment Advisors, Inc. and Douglas A. Jimerson*, Administrative Proceeding File No. 3-12915.

III. FINDINGS OF FACT

3. In January of 2020, a Maryland client (the “Client”) sought professional accounting and financial advisory services from Respondent.

4. Respondent marketed himself to the public through his website,

douglasjimerson.com, which the Client reviewed before he decided to initially contact Respondent about professional accounting and financial advisory services.

5. On Respondent's website, Respondent advertises that he has more than 25 years of experience with "financial advisors providing tax strategies and asset diversification advice to a broad clientele in the U.S. and Europe."

6. Respondent's website did not mention that he used to be a registered investment adviser representative or that the SEC barred him from the advisory business.

7. In the winter of 2020, Respondent proposed providing to the Client investment consulting and investment advisory services.

8. The Client and Respondent had multiple meetings discussing various investment opportunities and strategies.

9. Respondent represented to the Client that trading "options," would have lower risk than day trading penny stocks.

10. On February 4, 2020, the Client entered into a promissory note with Respondent for \$10,000. The proceeds of the loan were supposed to be invested in Respondent's individual investment account. The terms of the promissory note provided for payment to the Client of \$10,000 plus two percent (2%) interest "due at any time without penalty" with the "full amount [being] due by December 31, 2020."

11. On March 2, 2020, the Client invested an additional \$20,000 in a second promissory note with the same terms as the first promissory note.

12. Respondent invested the proceeds of the promissory notes in his individual accounts. In a February 20, 2020 email from Respondent to the Client, he wrote, "I have invested

in options on several days over the last week and have a 6% gain during that period.”

13. On March 25, 2020, Respondent suggested that the Client enter into a “Trading Agreement” where the Client would open a securities account and Respondent would trade options in the account on behalf of the Client. The Trading Agreement provided that Respondent would be compensated based on a percentage of the gains and appreciation of the funds in the investment account, specifically stating: “Jimerson will be entitled to 20% of the net profits of the trading account. Once the account value doubles from the original investment value Jimerson will be entitled to 30% of net profits of the trading account from that point in time. Once the account value triples from the original investment value, Jimerson will be entitled to 40% of the net profits of the trading account from that point in time and will continue to participate in this way until [the Client] and Jimerson terminate the arrangement.”

14. On March 25, 2020, the Client established and funded a brokerage account with Ally Invest Group, Inc. (“Ally Invest”). The Client initially funded the Ally Invest account with \$100,000. The Client provided Respondent with login credentials for the Ally Invest account in furtherance of the Trading Agreement and power of attorney.

15. On or about April 15, 2020, the Client wired an additional \$30,000 into the Ally Invest account.

16. Respondent made numerous option trades in the Client’s Ally Invest account.

17. As a result of Respondent’s trading, Client’s Ally Invest account lost nearly all its value.

18. Respondent did not disclose to the Client that Respondent’s trading strategy involved high-risk transactions that could result in the loss of nearly all the Client’s investment.

19. At no time did Respondent disclose to the Client that he had been barred by the SEC due to claims of fraud and failure to comply with securities laws regulating the conduct of registered investment advisers.

20. The Client filed a lawsuit against Respondent. The Client and Respondent settled the Client's claims against Respondent. Pursuant to the settlement, Respondent promised to repay the Client. Respondent has repaid the Client \$150,600,

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

21. Respondent violated section 11-401(b) of the Act by providing investment advice while he was not registered as an investment adviser or investment adviser representative.

22. Respondent violated section 11-302(a)(1) of the Act by employing a device, scheme or artifice to defraud in the offer of investment advice by failing to disclose the SEC order against him and the risks involved in his trading program.

23. Respondent violated section 11-302(a)(2) of the Act by engaging in the investment advisory services without disclosing the SEC order against him or the risks involved in his trading program which operated as a fraud or deceit on the Client.

24. Respondent violated section 11-302(a)(3) of the Act by engaging in dishonest and unethical practices while providing investment advice by failing to disclose the SEC order against him and the risks involved in his trading program.

25. Respondent violated section 11-302(c) of the Act by failing to state material facts, including but not limited to the fact that he had been barred by the SEC and the risks involved in his trading program.

V. SANCTIONS

NOW, THEREFORE, IT IS HEREBY ORDERED AS FINAL, and Respondent expressly consents and agrees:

26. Respondent is barred permanently from engaging in the securities or investment advisory business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged.

27. Respondent shall in all future activities in or from Maryland comply fully with the Act and the regulations promulgated thereunder.

28. Respondent is assessed a civil monetary penalty pursuant to § 11-702 of the Securities Act in the amount of \$150,600 for the violations set forth in this Consent Order. The civil monetary penalty shall be reduced dollar-for-dollar based on the restitution made to the Client.

VI. CONSEQUENCES OF VIOLATING CONSENT ORDER

29. If Respondent fails to comply with any term of this Consent Order, the Division may institute administrative or judicial proceedings against that Respondent to enforce this Consent Order or to sanction the Respondent for violating an Order of the Commissioner and may take any other action authorized under the Act or any other applicable law, including the issuance of fines or penalties as provided by the Act. For the purpose of determining those sanctions, the Findings of Fact and violations of the Act set forth in this Consent Order shall be deemed admitted and may be introduced into evidence against the Respondent.

VII. MODIFICATION OF CONSENT ORDER

31. The terms of this Consent Order may only be modified by a subsequent order

issued by the Commissioner. Unless so modified by the Commissioner, this Consent Order shall remain in effect.

32. In the event that judicial intervention in this matter is sought by the Securities Commissioner or a Respondent, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant to § 11-702 of the Securities Act. The Circuit Court for Baltimore City will have personal jurisdiction over that Respondent pursuant to § 6-103(b) of the Courts and Judicial Proceedings Article, Title 6, Annotated Code of Maryland (2013 Repl. Vol. and 2021 Supp.). Venue will be properly in that Court pursuant to § 6-201(a) and 6-202(11) of that article.

DATE OF THIS ORDER:

SO ORDERED,

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

November 29, 2022

Melanie Senter Lubin
Securities Commissioner

CONSENTED TO:

Name: Douglas A. Jimerson

On this ____ day of _____, 2022, personally appeared _____, signer of the foregoing Final Order, who did duly acknowledge his signature to be his free act and deed.

Notary Public

My Commission Expires: _____

Seal: