

ADMINISTRATIVE PROCEEDING
BEFORE THE
MARYLAND SECURITIES COMMISSIONER

IN THE MATTER OF:

*

Jonathan Munoz (CRD # 7036972)
dba JM Financial Services
(also known as JM Financial Corp)

*

Docket # 2024-0023

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Respondent

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**SUMMARY ORDER TO CEASE AND DESIST
AND
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, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2014 Repl. Vol. and Supp. 2023) (the "Securities Act"), undertook an investigation into the securities activities of Jonathan Munoz dba JM Financial Services aka JM Financial Corp (“Munoz” or “Respondent”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) has determined that Respondent may have engaged in, and may continue to engage in, acts or practices constituting violations of the registration and antifraud provisions of the Securities Act; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Summary Order to Cease and Desist and Order to Show Cause.

NOW, THEREFORE, pursuant to sections 11-301(1), (2) and (3), 11-302(a)(1), (a)(2), (a)(3) and (c), 11-306, 11-401(a) and (b), 11.701.1 and 11-801 of the Securities Act, it is hereby:

ORDERED, that Respondent and his officers, directors, employees, and agents, immediately cease and desist from engaging in violations of sections 11-301(1), (2) and (3), 11-302(a)(1), (a)(2), (a)(3) and (c), 11-306, and 11-401(a) and (b) of the Securities Act in this State, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order is punishable as a criminal offense under section 11-705 of the Securities Act by a fine not exceeding \$50,000 or imprisonment not exceeding three years, or both.

IT IS FURTHER **ORDERED**, that Respondent show cause why he should not be permanently barred from the investment advisory and securities business in Maryland, and that Respondent show cause why a statutory penalty of up to \$5,000 per violation should not be entered against him.

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to sections 11-701.1 and 11-801 of the Securities Act.

II. RESPONDENT

2. At all times relevant to this matter, Jonathan Munoz dba JM Financial Services aka JM Financial Corp has maintained a place of residence and a place of business in Montgomery County, Maryland. From February 2023 to the present, Munoz has been affiliated with Park Avenue Securities LLC in a non-registered capacity. From November 2019 to November 2020, Munoz was affiliated with Mutual of Omaha Investor Services, Inc. (“Mutual of Omaha”) in a non-registered capacity. Munoz was discharged by Mutual of Omaha’s parent company “for improper business practices involving submission of an unauthorized insurance application.” Prior to that, Munoz was affiliated with NY Life Securities LLC in a non-registered capacity from

October 2018 to November 2019. During the same time, Munoz also held affiliations with Bankers Life and Casualty Company (“Bankers Life”) and Colonial Penn Life Insurance (“Colonial Penn”).

Munoz was licensed as an insurance producer with the Maryland Insurance Administration from January 2019 to November 2023, when his license expired. Munoz operated his insurance brokerage business under the DBA name of JM Financial Services or JM Financial Corp (“JM Financial”).¹ Munoz also has held out JM Financial as an investment business through which he manages finances for others. Neither Munoz nor JM Financial has ever been registered in the State of Maryland as a broker-dealer, agent, investment adviser or investment adviser representative.

In 2015, Munoz was the subject of a criminal prosecution charging him with petit larceny and disorderly conduct. Munoz pled guilty to the lesser charge of disorderly conduct and was sentenced to one year in jail, serving 15 of those days in jail.

III. STATEMENT OF FACTS

3. Husband and wife MW and VW first met Munoz in or about 2018. At the time, MW and VW, both in their 70s, were customers of Colonial Penn, with which Munoz was affiliated.

4. Shortly thereafter, Munoz told MW and VW that something happened at Colonial Penn, and he was leaving to work for Mutual of Omaha.

5. MW and VW followed Munoz to Mutual of Omaha by transferring their investments to Mutual of Omaha.

6. In November 2020, Munoz was terminated by Mutual of Omaha.

¹ JM Financial is not now nor has it ever been formed as a corporation or limited liability company with the State of Maryland.

7. MW and VW were never told that Munoz had been terminated by Mutual of Omaha. Instead, Munoz told them that he was starting his own firm, JM Financial, and asked if he could manage their finances through his firm.

8. Munoz told MW and VW that he would open accounts in their name at TD Ameritrade where he would purchase stocks for their accounts and manage their investment assets.

9. Munoz made a number of representations to MW and VW that were false including that he was licensed as a stockbroker.

10. Munoz misrepresented to MW and VW that he would grow their assets to \$325,000, and they would be able to cash out of their accounts by June 2021.

11. Munoz also promised MW and VW that they wouldn't have to worry about money in their old age.

12. Believing that Munoz was properly licensed as a stockbroker and that he would in fact manage their assets, MW and VW decided to entrust their funds to Munoz.

13. Between November 2020 and May 2021, MW and VW transferred in excess of \$100,000 to Munoz. The transfers were made in the form of checks written personally to Munoz or wire transfers made directly to Munoz's bank account. At least one of the checks referenced Munoz's company, JM Financial.

14. Munoz never opened accounts at TD Ameritrade in the names of MW and VW.

15. Instead, Munoz cashed MW's and VW's checks and/or deposited their funds into bank or brokerage accounts held in his name and used those funds for his personal benefit.

16. Around the time that Munoz promised MW and VW their accounts could be cashed out, Munoz told them that their account was up \$365,000. Munoz asked MW and VW for the routing number for their bank account so that he could transfer the funds to them.

17. However, Munoz never followed through with the transfer. Instead, Munoz changed his number and ceased all communications with MW and VW.

18. To date, Munoz has not returned MW's and VW's funds to them.

Holding Out and Acting as an Investment Adviser

19. As discussed above, Munoz approached MW and VW about managing their investment assets through an account that he would set up at TD Ameritrade. Munoz told them that their assets would be managed by him through his company, JM Financial.

20. Munoz also held out and continues to hold himself out as an investment adviser to the public.

21. Munoz's LinkedIn page, <https://www.linkedin.com/in/johnathan-munoz-1107/>, discloses that he is a Management Associate at Financial Growth Partners.

22. According to this LinkedIn page, Munoz provides financial planning, financial consulting, and financial advisory services among other services.

23. Munoz is not now, nor has he ever been, registered as a broker-dealer, agent, investment adviser, or investment adviser representative.

24. JM Financial is not now, nor has it ever been, registered as a broker-dealer, agent, investment adviser, or investment adviser representative.

COUNT I
(Fraud in connection with the Offer, Sale or Purchase of
Securities – sections 11-301(1), (2) and (3))

WHEREAS, sections 11-301(1), (2) and (3) 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 the light of the

circumstances under which they are 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, Munoz told MW and VW that he was a stockbroker or financial adviser and offered to manage their investment assets through JM Financial, the DBA name under which he conducted business; and

WHEREAS, Munoz represented to MW and VW that he would open accounts for them at TD Ameritrade where he would purchase stocks for their accounts and manage their investment assets; and

WHEREAS, Munoz failed to tell MW and VW that neither he nor JM Financial were registered under Maryland law to act as a stockbroker or financial adviser; and

WHEREAS, Munoz never opened accounts for MW and VW at TD Ameritrade or purchased stocks for their accounts; and

WHEREAS, in connection with soliciting in excess of \$100,000 from MW and VW, Munoz told MW and VW that he would manage and grow their assets to \$325,000, but instead used their investments funds for his personal benefit; and

WHEREAS, Munoz violated sections 11-301(1), (2) and (3) of the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent and his officers, directors, employees, agents and anyone else involved in the offer, sale or purchase of securities on his behalf, cease and desist from engaging in fraudulent acts in connection with the offer, sale or purchase of securities in violation of sections 11-301(1), (2) and (3) of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondent show cause why a final order should not be issued against him, assessing Respondent the statutory penalty of \$5,000 per each violation of sections 11-301(1), (2) and (3) of the Securities Act, and permanently barring Respondent from the investment advisory and securities business in Maryland.

COUNT II
(Fraud in Connection with the Offer and Sale of Investment Advice –
sections 11-302(a)(1), (a)(2), (a)(3) and (c))

WHEREAS, sections 11-302(a)(1), (a)(2) and (a)(3) of the Securities Act make it unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, or for acting as an investment adviser or representative under sections 11-101(i) and (j) of this title, whether through the issuance of analyses, reports, or otherwise, to: (1) employ any device, scheme, or artifice to defraud the other person; (2) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit on the other person; or (3) engage in dishonest and unethical practices; and

WHEREAS, section 11-302(c) of the Securities Act makes it unlawful, in the solicitation of or in dealings with advisory clients, for any person willfully to 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 are made, not misleading; and

WHEREAS, section 11-101(i) of the Securities Act defines “investment adviser” to mean any person who, 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; or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities; or provides or offers to provide, directly or indirectly, financial and

investment counseling or advice, on a group or individual basis provides or offers to provide financial or investment counseling or advice; or holds out as an investment adviser in any way, including indicating by advertisement, card, or letterhead, or in any other manner indicates that the person is a financial or investment “planner”, “counselor”, “consultant”, or any other similar type adviser or consultant; and

WHEREAS, section 11-101(j) of the Securities Act defines “investment adviser representative” to mean any individual who is employed by or associated with an investment adviser and who makes recommendations or otherwise renders investment advice to clients; manages accounts or portfolios of clients; determines which recommendation or investment advice should be given with respect to a particular client account; or represents an investment adviser in rendering advisory services; and

WHEREAS, Munoz acted as an investment adviser or investment adviser representative to MW and VW by holding himself and JM Financial out as a financial adviser and offering to manage MW’s and VW’s investment assets; and

WHEREAS, Munoz failed to tell MW and VW that neither he nor JM Financial were registered as an investment adviser or investment adviser representative in Maryland; and

WHEREAS, Munoz represented to MW and VW that he would open accounts for MW and VW at TD Ameritrade where they would purchase stocks for MW’s and VW’s accounts and manage their investment assets; and

WHEREAS, Munoz never opened accounts for MW and VW at TD Ameritrade or purchased stocks for their accounts; and

WHEREAS, in connection with soliciting in excess of \$100,000 from MW and VW, Munoz told MW and VW that he would manage and grow MW's and VW's assets to \$325,000, but instead used their investment funds for his personal benefit; and

WHEREAS, Munoz violated sections 11-302(a)(1), (a)(2), (a)(3) and (c) of the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent and his officers, directors, employees, agents and anyone else involved in the offer or sale of investment advisory services on his behalf, cease and desist from engaging in fraudulent acts in connection with the offer or sale of investment advisory services in violation of sections 11-302(a)(1), (a)(2), (a)(3) and (c) of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondent show cause why a final order should not be issued against him, assessing Respondent the statutory penalty of \$5,000 per each violation of sections 11-302(a)(1), (a)(2), (a)(3) and (c) of the Securities Act, and permanently barring Respondent from the investment advisory and securities business in Maryland.

COUNT III
(Dishonest or Unethical Practices by Broker-Dealer or Agent - section 11-306)

WHEREAS, section 11-306 of the Securities Act makes it unlawful for a person who engages in the business of effecting transactions in securities for the account of others or for the person's own account or who acts as a broker-dealer or agent to engage in dishonest or unethical practices in the securities or investment advisory business; and

WHEREAS, as discussed above, Munoz acted as a broker-dealer or agent by offering to open a TD Ameritrade for MW and VW and execute securities transactions for them; and

WHEREAS, in connection with acting as a broker-dealer or agent, Munoz engaged in dishonest or unethical practices by, among other things, representing that he was a stockbroker without disclosing that he was not registered as an agent in Maryland, misrepresenting that he would open TD Ameritrade accounts for MW and VW where he and JM Financial would purchase stocks for their accounts and manage their investment assets, misrepresenting that he would grow MW's and VW's assets to \$325,000, and using MW's and VW's funds for his personal benefit; and

WHEREAS, Munoz engaged in dishonest or unethical practices in violation of section 11-306 of the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent and his officers, directors, employees, agents and anyone else acting on his behalf, cease and desist from engaging in dishonest or unethical practices in the securities or investment advisory business in violation of section 11-306 of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondent show cause why a final order should not be issued against him, assessing him the statutory penalty of \$5,000 per each violation of section 11-306 of the Securities Act, and permanently barring Respondent from the investment advisory and securities business in Maryland.

COUNT IV
(Unregistered Activities as a Broker-Dealer and Agent and
Investment Adviser and Investment Adviser Representative – sections 11-401(a) and (b))

WHEREAS, section 11-401(a) of the Securities Act makes it unlawful for any person to transact business in this State as a broker-dealer or agent unless the person is registered as such under the Securities Act; and

WHEREAS, the Securities Act defines "broker-dealer" to mean a person engaged in the business of effecting transactions in securities for the account of others or for his own account; and

WHEREAS, the Securities Act defines "agent" to mean an individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect the purchase or sale of securities; and

WHEREAS, Munoz offered to manage MW's and VW's investments through JM Financial; and

WHEREAS, Munoz told MW and VW that, through JM Financial, he would open securities accounts for them at TD Ameritrade and purchase stocks for and manage their accounts for them; and

WHEREAS, Munoz acted as a broker-dealer or agent by purportedly effecting transactions in securities in this State on behalf of MW and VW; and

WHEREAS, Munoz is not now, nor has he ever been, registered with the Division as a broker-dealer or agent to transact securities business in this State; and

WHEREAS, JM Financial is not now, nor has it ever been, registered with the Division as a broker-dealer or agent to transact securities business in this State; and

WHEREAS, Munoz transacted business as an unregistered broker-dealer or agent, in violation of section 11-401(a) of the Securities Act; and

WHEREAS, section 11-401(b) of the Securities Act makes it unlawful for any person to transact business in this State as an investment adviser or as an investment adviser representative unless the person is registered as such under the Securities Act; and

WHEREAS, section 11-101(i) of the Securities Act defines “investment adviser” to mean any person who, 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; or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities; or provides or offers to provide, directly or indirectly, financial and investment counseling or advice, on a group or individual basis provides or offers to provide financial or investment counseling or advice; and

WHEREAS, section 11-101(j) of the Securities Act defines “investment adviser representative” to mean any individual who is employed by or associated with an investment adviser and who makes recommendations or otherwise renders investment advice to clients; manages accounts or portfolios of clients; determines which recommendation or investment advice should be given with respect to a particular client account; or represents an investment adviser in rendering advisory services; and

WHEREAS, Munoz acted as an investment adviser or investment adviser representative by holding out as a financial adviser and, through JM Financial, offering to purchase stocks for and manage MW’s and VW’s securities accounts purportedly opened at TD Ameritrade; and

WHEREAS, Munoz received compensation when he used MW’s and VW’s funds for his personal benefit; and

WHEREAS, Munoz is not now, nor has he ever been, registered as an investment adviser or investment adviser representative in this State; and

WHEREAS, JM Financial is not now, nor has it ever been, registered as an investment adviser or investment adviser representative in this State; and

WHEREAS, Munoz acted as an unregistered investment adviser or investment adviser representative, in violation of section 11-401(b) of the Securities Act;

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent and his officers, directors, employees, agents cease and desist from acting as a broker-dealer, agent, investment adviser, or investment adviser representative in this State, in violation of sections 11-401(a) and (b) of the Securities Act, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order. Willful violation of this Order could result in criminal penalties under section 11-705 of the Securities Act.

IT IS FURTHER **ORDERED** that Respondent show cause why a final order should not be issued against him, assessing Respondent the statutory penalty of \$5,000 per each violation of sections 11-401(a) and (b) of the Securities Act, and permanently barring Respondent from the investment advisory and securities business in Maryland.

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

IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Securities Act and the Code of Maryland Regulations, COMAR 02.02.06.06, that Respondent shall file with the Commissioner a written Answer to this Order within fifteen 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 or a request for a hearing shall result in entry of a final order directing Respondent permanently to cease and desist from violation of the Securities Act, and imposing the sanctions sought in this Order.

SO ORDERED:

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

May 1, 2024

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER