

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

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IN THE MATTER OF:

*

DONTE LAMBERT

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Securities Docket No. 2024 - 0036

Respondent

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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 (the “Act” or “Securities Act”) and the Corporations and Associations Article, Title 11, Annotated Code of Maryland (2025 Repl. Vol.), undertook an investigation of the securities activities of Donte Lambert (“Respondent”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) has determined Respondent may have engaged in acts or practices constituting violations of sections 11-301, 11-302, and 11-306 of the Act; and

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

NOW, THEREFORE, pursuant to section 11-701.1 of the Securities 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; why a statutory penalty of up to \$5,000 per violation should not be entered against him; and why any other sanction or

combination of sanctions shall not be ordered against Respondent as permitted under section 11-701.1 of the Act.

I. JURISDICTION

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

II. RESPONDENT

2. At all times relevant to this matter, Respondent was registered with the State of Maryland as an investment adviser representative, broker-dealer agent, and with the Financial Industry Regulatory Authority (“FINRA”) as a general securities representative under Central Registration Depository (“CRD”) number 6485685. He was employed with the Wealth Management division of PNC Investments (“PNCI”) maintaining his principal place of business in Maryland from March 2020 until he was terminated on April 27, 2023.

3. Prior to his employment with PNCI, Respondent was employed with Morgan Stanley and registered with the State of Maryland as an investment adviser representative, broker-dealer agent, and with FINRA as a general securities representative from February 2019 to March 2020.

4. Respondent was employed with M&T Securities, Inc. and registered with the State of Maryland as an investment adviser representative and broker-dealer agent from March 2018 to February 2019, and with FINRA as a general securities representative from April 2015 to February 2019.

5. Respondent has approximately eight (8) years of experience as an investment adviser representative, broker-dealer agent, and general securities representative.

III. STATEMENT OF FACTS
Unauthorized Transactions

6. At all times relevant to this matter, Respondent did not have discretion to buy or sell products without proper prior approval from his clients and only after proper explanation and disclosures were given to his clients.

7. During his employment with PNCI, Respondent was the subject of at least seven (7) internal customer complaints with allegations of unauthorized trading and unauthorized alterations to documents.

8. Respondent conducted securities transactions that were not authorized by the clients. These transactions were initiated in non-discretionary accounts requiring pre-authorization from the clients.

L.H.

9. The Division began investigating this matter after it received a complaint from L.H. that Respondent made an investment purchase on her behalf after L.H. had informed Respondent she wanted to purchase a traditional bank issued certificate of deposit ("CD").

10. Respondent was not authorized by PNCI to offer or sell bank products to clients. Rather, he could only sell brokered CDs, which are CDs issued by banks and purchased through brokerage firms, or market-linked CDs, which are investments combining FDIC insured principal protection with returns linked to a market index.

11. On April 20, 2022, L.H. opened an individual, transfer on death, PNCI account with the specific goal of purchasing a \$100,000 traditional bank issued CD.

12. At the time of opening her account, L.H. was 78 years old. She was retired and a widow.

13. The new account form listed L.H.'s investment experience as limited and her investment objective as capital appreciation and her risk tolerance as conservative. The form also listed L.H.'s annual income as between \$25,000 and \$50,000.

14. The account was not a discretionary account. As such, Respondent was required to inform L.H. of any investment purchases and obtain her permission prior to conducting securities transactions on her behalf.

15. When the account was opened, unbeknownst to L.H., and despite L.H.'s request for a traditional bank CD, Respondent purchased a market-linked CD. Respondent did not seek L.H.'s authorization to purchase a market-linked CD and failed to ensure she understood what he was purchasing for her account.

16. A traditional bank CD generally has lower, but predictable returns with no risk of loss of principal if it is held to maturity. Conversely, a market-linked CD is a CD with returns that are generally linked to a market index, such as the S&P 500. As such, a market-linked CD has potentially higher returns, but has the risk of zero-interest if the market underperforms.

17. Pursuant to PNCI protocol, Respondent should have advised L.H. that representatives of PNC bank could purchase a traditional bank issued CD on behalf of L.H. Respondent did not advise L.H. of that fact.

18. L.H. received no documents from Respondent related to the transaction. Instead, Respondent told L.H. she would receive paperwork in the mail.

19. Two weeks after the transaction, L.H. called Respondent and again requested documents related to the transaction. Respondent replied he would check on them. That was the last time L.H. spoke to Respondent.

20. L.H. attempted multiple phone calls to follow up on her request and was unable to speak to Respondent and was told Respondent was not there. Finally, after subsequent calls, L.H. was told Respondent was no longer employed at PNCI.

21. Upon receipt of her May to June 2022 PNCI statement, L.H. noticed an immediate decline in the funds she entrusted to Respondent. Her \$100,000 investment had been reduced by the \$5,317.00 commission, which Respondent failed to disclose to L.H. prior to Respondent's purchase of the market-linked CD.

22. On January 10, 2024, after several previous attempts to resolve the matter with PNCI, L.H. filed a formal complaint with PNCI stating that Respondent had purchased a market-linked CD in lieu of a traditional bank CD and requested the return of her money.

23. On January 26, 2024, L.H. filed a complaint with the Division seeking help resolving the matter. After discussions with the Division, PNCI agreed to reimburse L.H. for her losses plus reasonable interest.

24. Further investigation revealed Respondent made similar unauthorized investment purchases for other clients.

Mr. and Mrs. J.S.

25. On December 22, 2022, Mr. and Mrs. J.S. opened a joint account at PNCI. This account was not a discretionary account and required the clients' prior approval and that proper disclosures be made before any purchase.

26. On March 17, 2023, PNCI received a verbal complaint from Mr. and Mrs. J.S. stating that without their authorization, on December 27, 2022, Respondent purchased a secondary market brokered CD. Respondent was supposed to purchase a new issue CD, not a secondary market CD.

27. Respondent entered a trade correction on December 30, 2022, after Mr. and Mrs. J.S. discovered the discrepancy; however, Respondent did not follow up with Mr. and Mrs. J.S. and the \$50,000 from the trade correction remained uninvested in the J.S. account until March 2, 2023, when Respondent purchased a new issue CD without prior authorization from Mr. and Mrs. J.S.

F.C.

28. On August 28, 2013, J.C., who is the sister to F.C. Jr., opened a PNCI Supplemental Trust account in the name of F.C. Jr. acting as Trustee for the account.

29. On May 5, 2022, J.C. complained to PNCI that in October 2021 Respondent failed to advise her of the potential tax consequence resulting from the 2022 surrender of an indexed annuity in order to fund a managed account at PNCI.

30. Also, in March 2022 during the initial account opening of the PNCI managed account, Respondent falsely indicated on a PNCI form that the funds used to open the managed account were derived from cash instead of an annuity liquidation.

31. Respondent's false claim allowed him to circumvent PNCI procedures, which would have required that Respondent advise the client of, among other things, the potential tax consequences associated with surrendering an annuity and to document the disclosure via the PNCI Advisory Switch Acknowledgement form.

M.C.

32. On February 22, 2023, M.C. opened a PNCI individual account.

33. The account was not discretionary. Respondent was required to obtain the client's authorization and to make the proper disclosures prior to any purchase on behalf of the client.

34. On February 28, 2023, Respondent purchased a 2-year secondary market CD for M.C. M.C. had directed Respondent to purchase a traditional bank CD. M.C. believed Respondent was purchasing a traditional bank CD and stated she would not have authorized the purchase if she knew the name of the actual issuer.

35. M.C. only discovered the name of the issuer when she received her PNCI statement.

36. On March 6, 2023, Respondent initiated a trade correction regarding the 2-year CD and misrepresented the reason for the trade on relevant documents, stating that he purchased the wrong term, when in fact Respondent did not properly disclose the name of the issuer to M.C.

37. Additionally, Respondent did not properly disclose the commission on the sale of the 2-year CD when Respondent replaced the CD purchase for a 1-year U.S. Treasury.

38. On March 16, 2023, M.C. complained to PNCI that Respondent did not advise her of any relevant sales commissions or the name of the security purchased on February 28, 2023.

39. M.C. stated she only learned about the sales commissions and the name of the security when she received the PNCI statement.

RM Trust

40. On April 19, 2023, K.R. and G.M. opened a non-discretionary investment account for RM Trust with PNCI.

41. G.M., a trustee, stated that she and Respondent had a general conversation regarding the possibility of investing in both a 1-year fixed rate CD and a 5-year fixed rate CD for the RM Trust.

42. G.M. stated that she never provided instructions to Respondent and never authorized Respondent to transfer \$1 million from PNC Bank to PNCI, which he did.

43. Respondent later contacted his Regional Supervisory Office to discuss the need for a trade correction for a separate account belonging to S.T. claiming that he erroneously purchased a 1-year CD instead of a 2-year CD.

44. Later the same day, Respondent reported that he purchased a 1-year CD in an incorrect account (the one belonging to S.T.) and placed a trade correction to move the 1-year CD into the RM Trust. Respondent then purchased a 2-year CD for the S.T. account. S.T. confirmed he agreed to a 2-year CD purchase; however, G.M. did not authorize the purchase of the 1-year CD that Respondent purchased and placed into the RM Trust. Rather, *after* the purchase of the 1-year CD for the RM Trust, Respondent called and left a voicemail message with G.M. soliciting the purchase of the 1-year CD and instructed G.M. to return his call if she had any questions about the purchase.

K.W.

45. On January 19, 2022, K.W. opened an individual PNCI account. The account was non-discretionary and required the client's prior approval for all securities transactions along with the proper disclosures related to the securities.

46. On May 9, 2023, K.W. complained to PNCI that he received a trade confirmation indicating Respondent sold a mutual fund owned by K.W. on April 27, 2023. Unbeknownst to K.W., April 27, 2023 was also the day Respondent was terminated from employment with PNCI.

47. K.W. was concerned that his account had been compromised because he had no intention of selling his mutual fund and had last spoken to Respondent in February 2023 about the possibility of purchasing a 1-year CD.

48. At no time did K.W. authorize Respondent to sell his mutual fund for the purchase of a CD.

Alteration of Client Documents

49. In addition to the unauthorized securities transactions described above, Respondent made unauthorized alterations to client documents.

B.B.

50. On February 9, 2023, P.B., a self-employed, sole member of the B.B. LLC (“B.B.”), opened a PNCI brokerage account on behalf of B.B. The account was non-discretionary and required the client’s prior approval for all securities transactions along with the proper disclosures related to the securities.

51. On February 27, 2023, the account was flagged and PNCI’s Credit Margin group was notified that a fixed income security purchase created a debit balance in the account. This prompted an internal PNCI review of the transaction and the account.

52. The review revealed that on February 15, 2023, Respondent submitted account opening paperwork that was rejected and returned to Respondent because the paperwork was missing required information that prevented Respondent from opening the account.

53. On February 21, 2023, Respondent resubmitted the paperwork. The paperwork contained handwritten corrections and the documents were again rejected and returned to Respondent.

54. On February 22, 2023, Respondent once again submitted the paperwork with the necessary corrections; however, the document contained the original signature page with the February 9, 2023 date, indicating Respondent, not the customer, had entered the missing information. PNCI once again rejected the paperwork.

55. On February 27, 2023, the paperwork was properly corrected, submitted and approved by PNCI operations.

56. A review of the account and transaction also revealed that Respondent made no notes documenting the recommendation and client approval of the initial transaction.

57. At or near the same time, Respondent submitted a trade correction for the fixed income purchase indicating that it was purchased in error by Respondent.

I.A.

58. On November 10, 2017, I.A. opened an individual PNCI account. The account was non-discretionary and required the client's prior approval for all securities transactions along with the proper disclosures related to the securities.

59. In March 2023, during a review of the various alerts related to Respondent's activity for January 2023, PNCI staff discovered paperwork related to an annuity transaction conducted by Respondent.

60. On December 12, 2022, Respondent submitted an annuity application that was rejected for missing the date of the signature and location where the document was signed. Respondent was notified of the deficiency on December 13, 2022.

61. On December 13, 2022, Respondent submitted a corrected document; however, the corrections were made by Respondent without proper client authorization, and the document was backdated to December 12, 2022. Additionally, the annuity company required a notarized exchange form because the client signatures did not match.

62. The paperwork was ultimately approved but Respondent submitted the exchange form directly to the annuity company, bypassing PNCI review which is a violation of PNCI policy.

COUNT I

(Fraudulent and Other Prohibited Practices, Sections 11-301(2) and (3))

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: ... (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 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, Respondent violated sections 11-301(2) and (3) of the Securities Act by:

1. Exercising unauthorized discretion in client accounts as described above;
2. Executing unauthorized transactions in client accounts as described above; and
3. Altering documents in client accounts as described above.

NOW, THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why his registrations with the State of Maryland as a broker-dealer agent and investment adviser representative should not be revoked; why he should not be permanently barred from the investment advisory and securities business in Maryland, and why a statutory penalty of up to \$5,000 per violation should not be entered against him.

COUNT II

(Advisory Activities, Section 11-302(a)(2))

WHEREAS, section 11-302(a)(2) of the Act makes 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 section 11-101(i) or (j) of the Act, whether through the issuance of analyses, reports, or otherwise, (2) to 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) to engage in dishonest or unethical practices.

WHEREAS, Respondent was registered as an investment adviser representative; and

WHEREAS, Respondent provided his clients with advice relating to the purchase and/or sale of securities; and

WHEREAS, Respondent received, directly or indirectly, consideration from clients for advising clients as to the value of securities or their purchase or sale, or for acting as an investment adviser or representative under section 11-101(i) or (j) of the Act, whether through the issuance of analyses, reports, or otherwise; and

WHEREAS, Respondent violated section 11-302(a)(2) of the Securities Act by, among other things:

1. exercising unauthorized discretion in client accounts as described above;
2. executing unauthorized transactions in client accounts as described above; and
3. altering documents in client accounts as describe above.

NOW THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why his registrations with the State of Maryland as a broker-dealer agent and investment adviser representative should not be revoked; why he should not be permanently barred from the investment advisory and securities business in Maryland, and why a statutory penalty of up to \$5,000 per violation should not be entered against him.

COUNT III

(Dishonest or Unethical Practices, Section 11-306)

WHEREAS, section 11-306 of the Act makes it unlawful for any person to engage in the business of effecting transactions in securities for the accounts 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, Respondent engaged in the business of effecting transactions in securities within the meaning of section 11-101(s) of the Act, and

WHEREAS, the securities described above were offered and sold by Respondent to Maryland investors; and

WHEREAS, Respondent acted as a broker-dealer agent; an

WHEREAS, Respondent failed to disclose material facts in the offer and sale of securities as described above, including the risks that the securities described above could lose value; and

WHEREAS, Respondent engaged in dishonest or unethical practices in the securities and investment advisory business by engaging in practices and a course of business, as described above, which operated as a fraud and deceit on Maryland residents in violation of section 11-306 of the Act; and

NOW THEREFORE, IT IS HEREBY **ORDERED** that Respondent show cause why his registrations with the State of Maryland as a broker-dealer agent and investment adviser representative should not be revoked; why he should not be permanently barred from the investment advisory and securities business in Maryland, and why a statutory penalty of up to \$5,000 per violation should not be entered against him.

REQUIREMENT OF ANSWER AND
NOTICE OF OPPORTUNITY FOR HEARING

IT IS FURTHER **ORDERED**, pursuant to section 11-701.1 of the Securities Act and COMAR 02.02.06.06, that Respondent shall file with the Securities 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. If Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation Respondent shall so state.

The Answer also shall indicate whether Respondent requests a hearing. A hearing to determine whether the Order should be vacated, modified, or entered as final will be scheduled in this matter if one is requested in writing. Failure by Respondent to file a request for a hearing in this matter within fifteen days of receipt of the Order shall be deemed a waiver by Respondent of the right to such a hearing.

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

- (a) Directing Respondent to permanently cease and desist from violation of the Securities Act; and
- (b) Imposing a monetary penalty of up to \$5,000 for each violation of the Securities Act;
- (c) Revoking Respondent's broker-dealer agent and investment adviser representative registrations in this State; and
- (c) Barring Respondent from engaging in the securities or investment advisory business in Maryland for or on behalf of others, or from acting as principal or consultant in any entity so engaged.

DATE OF THIS ORDER:

April 7, 2026

SO ORDERED:

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

Melanie Senter Lubin
Securities Commissioner