

**FINRA
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Synergy Investment Group, LLC

[CRD No. 46035],

and

Jeffrey D. Jones

[CRD No. 4188324],

and

Thurman R. Crawford

[CRD No. 56786]

Respondents.

Disciplinary Proceeding
No. 2009018817101

Hearing Officer: RSH

Date: December 1, 2011

**ORDER ACCEPTING
OFFER OF SETTLEMENT**

INTRODUCTION

Disciplinary Proceeding No. 2009018817101 was filed on April 5, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondents Synergy Investment Group, LLC, Jeffrey D. Jones, and Thurman R. Crawford submitted an Offer of Settlement (Offer) to Complainant dated November 18, 2011. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondents have consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other

proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understand that this Order will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by FINRA.

BACKGROUND

1. Synergy Investment Group, Inc., through its Director of Compliance and General Counsel Jeffrey D. Jones, failed to conduct reasonable due diligence regarding securities issued by Medical Provider Funding Corporation VI (MP VI), a subsidiary of Medical Capital Holdings, Inc. (Medcap). Synergy also failed to have reasonable written supervisory procedures regarding due diligence required for the sale of private placements such as MP VI. Thus, Synergy and Jones violated NASD Rules 3010 and 2110 and FINRA Rule 2010.
2. In connection with his sale of MP VI to five Synergy customers, Thurman A. Crawford, a representative registered with Synergy, failed to disclose that there had been delayed payments and defaults on securities previously issued by subsidiaries of Medcap. In addition, Crawford failed to disclose those same material facts to his employer firm Synergy. Thus, Thurman A. Crawford violated NASD Conduct Rule 2110 and FINRA Rule 2010.
3. Prior to becoming registered with Synergy, Crawford was a registered representative with another broker-dealer and was earning approximately \$700,000 in gross revenues per year with approximately \$50 million of assets under management. He had sold over \$9 million in prior private placements issued by Medcap and sought to sell the most recent

issue of Medcap subsidiary, MP VI. Crawford wished to change broker-dealers and contacted Synergy regarding possible employment. Approval of the sale of MP VI by Synergy was a crucial factor influencing his decision to join Synergy.

4. Although Synergy requested due diligence information on MP VI, Synergy never received any information other than the private placement memorandum (PPM). In an effort to expedite the hiring of Crawford, the Director of Compliance of Synergy, Jeffrey D. Jones, approved the selling agreement without receiving the requested due diligence information. Although Synergy's written supervisory procedures regarding the due diligence of private placements were inadequate, Jones did not follow those procedures.
5. Crawford knew or should have known, but did not disclose to his customers or to Synergy, that Medcap subsidiaries had failed to make timely payments on prior debt obligations. Crawford kept this material information to himself while Synergy was in the process of approving the MP VI agreement.
6. After Jones approved the sale of MP VI, Medcap subsidiaries defaulted on other debt obligations. In addition, third parties issued due diligence reports warning of significant red flags regarding MP VI. Because Synergy had no procedure for ongoing due diligence, Synergy remained ignorant of these developments and approved the sale by Crawford of \$850,000 of MP VI to Synergy customers. MP VI is now in receivership, and the customers have not received scheduled principal or interest payments since July 2009.
7. Synergy Investment Group, LLC has been a member of FINRA since June 22, 1999. It is a full service broker-dealer headquartered in Charlotte, North Carolina. Synergy sells securities through independent registered representatives. In 2008, Synergy generated

9% of its revenue through the sale of privately placed securities, including the securities of Medcap.

8. Jeffrey D. Jones has been registered with Synergy since May 2000 and is currently dually registered with JBS Liberty Securities, Inc., an affiliate of Synergy. During all periods referenced in this complaint, Jones was registered with FINRA under Article V of the By-Laws as an Investment Banking Representative, General Securities Principal, and General Securities Representative, which registrations remain currently in effect. During all periods mentioned herein, Jones was the Director of Compliance and General Counsel for Synergy. Jones was also the principal who approved the selling agreement for MP VI.
9. Thurman R. Crawford entered the securities industry on October 26, 1972, as a General Securities Representative of a FINRA member firm. Crawford was associated with member firm Securities America, Inc. from March 2004 through August 28, 2008. On August 29, 2008, Crawford became registered with Synergy. During all periods mentioned herein, Crawford was registered with FINRA under Article V of the By-Laws as an Investment Company and Variable Contracts Products Principal and a General Securities Representative, which registrations remain currently in effect.
10. The Respondents' disciplinary histories are as follows:
 - Synergy has been the subject of five disciplinary actions:
 - a. In 2004, Synergy made untimely reports of customer complaints in violation of NASD Rules 2110 and 3070(c). The Firm agreed to a \$5,000 fine.

- b. Also in 2004, Synergy failed to timely report OATS 3251 events and failed to supervise OATS filings. The Firm agreed to a \$9,000 fine.
- c. In 2006, Synergy failed to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with applicable laws, rules, and regulations with respect to its “on-line” and “deep discount” business. The Firm agreed to a \$25,000 fine.
- d. In 2009, the Firm failed to adequately enforce its own procedures or otherwise comply with the requirements of NASD’s anti-money laundering rule (Rule 3011). The Firm did not detect or report suspicious activity, did not file Suspicious Activity Reports when required, did not monitor suspicious activity in the correspondent accounts of foreign financial institutions owned by customers, did not perform anti-money laundering customer identification reviews for customers, and did not adequately test its anti-money laundering procedures. The Firm also failed to maintain a supervisory system reasonably designed to comply with FINRA’s advertising rules. For the violations of NASD Rules 1060(b), 2210, 2210(b), 2210(c), 2210(D), 2220(b), 2220(C), 2220(D), 3010(A), 3011(A), 3011(B), 3011(C), 3011(E), 3110(C), and MSRB Rule G-41 Synergy agreed to a \$75,000 fine.
- e. Also in 2009, Synergy engaged in a securities business while failing to maintain its required minimum net capital. The Firm’s net capital computations were materially inaccurate because they failed to reflect

an unsecured debit balance on its books and records. The Firm indicated that it had satisfied its minimum net capital requirements and submitted materially inaccurate Focus IIA reports for the quarters ending December 21, 2007, March 31, 2008, and June 30, 2008. For the violations of SEC Sections 15(C) and 17(A) of the Securities and Exchange Act, SEC Rules 15c3-1, 17a-3, 17a-4, 17a-5, NASD Rules 2110 and 3110, the Firm agreed to a \$25,000 fine.

Jeffery D. Jones has a disciplinary history as follows:

- a. In 2004, Jones was censured and fined \$5,000 jointly and severally with Synergy for the violations described above in paragraph 10(a).
- b. Also in 2004, Jones was censured and fined \$9,000 jointly and severally with Synergy for the violations described above in paragraph 10(b).
- c. In 2006, Jones was suspended for 10 days and fined \$25,000 jointly and severally with Synergy for the violations described above in paragraph 10(c.)

Thurman R. Crawford has no disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

11. Medcap was engaged in the business of factoring accounts receivables for healthcare providers. Medcap also extended loans to healthcare providers and other enterprises.
12. On August 5, 2008, Medcap released a PPM for its subsidiary, MP VI, a “special purpose corporation,” to raise capital from accredited investors in a private placement of MP VI’s

notes, which bore interest at minimum annual interest rates of 9% to 9.5%. Before organizing MP VI, Medcap sponsored five other special purpose corporations, known as Medical Provider Funding Corporations I through V (MP I – MP V), to raise money from investors. In August 2008, MP II and MP III defaulted on payments to investors. Through all six of its subsidiaries' offerings, Medcap raised more than \$1.7 billion from investors.

13. Medcap's Chief Executive Officer and Director was Sidney M. Field. Prior to becoming Director of Medcap in 1994, Field was the president and chairman of FGS Insurance Brokers. Field was sued by California insurance regulators for civil racketeering and had his insurance license revoked. He resigned from FGS after insurance regulators informed Field that the state would not license FGS if Field remained involved. According to the allegations, FGS agents under the supervision of Field altered accident records of questionable drivers and falsified car values and commute mileage so that applicants could qualify for insurance. Field and his company also misled customers into paying interest rates of 21 percent to 40 percent when they refinanced their insurance premiums.
14. On July 16, 2009, the U. S. Securities and Exchange Commission (SEC) sued Medcap, MP VI, and an affiliated operating company known as Medical Capital Corporation (MCC) that administered Medcap's businesses, as well as two individuals, the chief executive officer and the president of each of the Medcap companies. The SEC alleged that the defendants had committed fraud in the offer and sale of MP VI securities. In particular, the SEC alleged that the defendants had misappropriated MP VI offering proceeds to pay administrative fees, in contravention of MP VI's PPM, and misrepresented in the MP VI PPM that MP VI's affiliates had never defaulted on

payment obligations or been late in making interest payments. Since then, the U.S. District Court for the Central District of California has granted the SEC's motion for a temporary restraining order to halt the MP VI offering and has placed the defendant Medcap entities in Receivership.

15. Crawford was registered with Securities America from March 2004 through August 28, 2008. During that time, he sold investments in MP I – MP V to customers in the approximate amount of \$9,245,000, exclusive of purchases he made himself.
16. Crawford personally invested \$2,905,000 in MP I – MP V.
17. Crawford became aware in July 2008 that Medcap planned to issue MP VI. Crawford contacted Synergy in July 2008 to inquire about becoming registered with Synergy.
18. Securities America had declined to offer MP VI to its customers due to an inability to obtain required documentation from Medcap.
19. When Crawford approached Synergy regarding employment, he emphasized that his ability to sell MP VI at Synergy would be a crucial factor in his decision of whether to accept employment.
20. At the time Crawford approached Synergy regarding possible employment; he had in excess of \$50 million under management and was generating gross revenues of approximately \$700,000 per year.
21. Synergy knew that approval of the Medcap selling agreement was crucial to hiring Crawford.
22. Jones was responsible for final approval of selling agreements for private placements such as MP VI.

23. On August 5, 2008, Synergy received notification from Medcap that MP VI was available for sale. Synergy tasked a non-registered insurance sales manager (“DR”) with gathering due diligence information in accordance with Synergy’s written supervisory procedures relating to new products.
24. Synergy’s written supervisory procedures regarding new products required the Product Review Team to conduct an analysis as follows:
- Determine whether the product is beneficial for customers
 - Determine the types of customers that are the target market
 - Conduct appropriate due diligence about features and risks of the product
 - Determine whether written disclosures or educational information should be provided to potential purchasers
 - Determine what information should be provided to RRs and supervisors, including any additional training
 - Approve or disapprove the product for distribution
25. In addition, the written supervisory procedures required completion of a two-page checklist that posed questions regarding the creditworthiness of the issuer, the existence of underlying collateral, the creditworthiness and value of the underlying collateral, the existence of counterparties and their credit standing, and risks of the product with regard to return of principal and earning of investment returns. Moreover, the checklist required attachment of financial statements.
26. Contemporaneously with Synergy’s attempt to complete due diligence, Crawford was negotiating with Synergy for employment and omitted to disclose the late payments by MP III.

27. On August 4, DR sent Medcap an email requesting completion of Synergy's due diligence checklist for MP VI.
28. DR followed up with Medcap on August 5, inquiring whether Medcap had completed the due diligence checklist and was told that the completed checklist would be provided the following day.
29. By August 11, DR still had not received the due diligence checklist from Medcap. Jones emailed DR to determine whether Synergy had signed the selling agreement yet with Medcap. DR responded that he had not received the requested due diligence from Synergy.
30. DR contacted Medcap again on August 11 to request the completed due diligence checklist. At 3:21 p.m., DR received the final draft of the PPM from Medcap for MP VI, but did not receive the promised due diligence checklist. The email contained no attachments other than the PPM, and Medcap indicated that it was still working on completion of the due diligence checklist.
31. The registered representative in charge of hiring Crawford (ES) received the PPM from DR with the notation that the due diligence had not been completed. ES sent an email at 3:28 p.m. on August 11 to Jones. In the email, ES stated that Synergy needed to get Crawford transitioned over "asap" and asked Jones whether Synergy could proceed with signing the selling agreement or needed to receive the completed due diligence checklist first. ES stated he would send Jones the final PPM immediately and concluded the email with the exclamation "Help!!"
32. The PPM made a false representation under the heading "Summary of Private Placement Memorandum" and the subheading "Our Affiliates" as follows:

While Medical Provider Funding Corporation VI is a new business with no operating history, we do have several experienced affiliates that have completed offerings of debt securities backed by accounts receivable. Our affiliates have, since 1994, financed accounts receivable having an aggregate face amount of over \$5 billion. **Our affiliates have never defaulted in the payment of their obligations on those debt securities, and all payments on those securities were made when due.**

(Emphasis added.) Crawford had received a copy of the PPM.

33. During these employment negotiations, Crawford knew or should have known of late payments by MP III, and thus knew or should have known that the statements in the PPM were false. Crawford, however, omitted to disclose the late payments by MP III to Synergy.
34. Within 34 minutes of receiving the final PPM, Jones signed the selling agreement for MP VI.
35. Jones reviewed only the PPM. He did not have nor did he review a due diligence checklist, company financials, or third-party reports before signing the selling agreement for MP VI. Jones did not take any steps to confirm the statement in the PPM that the affiliates of MP VI had never delayed payments on their debt obligations.
36. More than a week later, DR followed up with Medcap to determine whether Medcap had completed the due diligence checklist.
37. Medcap never supplied the materials requested by DR.
38. The review required by the written supervisory procedures for new products never took place.
39. The due diligence checklist required by the procedures was never completed by Synergy.
40. During the period while Synergy was attempting to gather information regarding MP VI and negotiating the hiring of Crawford, Medcap delayed payments on prior issues.

41. By July 30, 2008, MP III had failed to make scheduled payments of principal to its note holders. Crawford owned two unmatured notes in MP III, one in the amount of \$150,000 and a second note in the amount of \$200,000. As an investor in MP III, Crawford knew or should have known of the missed payments.
42. On August 4, 2008, MP II failed to make scheduled payments of principal to its note holders.
43. On August 5, 2008, Medcap issued a letter to its selling broker dealers (including Securities America) informing them that Medcap was experiencing temporary liquidity issues with some of its clients. It stated that it had not repaid scheduled principal to some clients, but that it expected the situation to be temporary and not to exceed 30 days.
44. Securities America notified Crawford of the receipt of the August 5 letter from Medcap and asked whether he would like the letter forwarded to his customers who had invested in Medcap. Crawford declined, stating that he would rather speak with the customers. Crawford did not initiate any discussions with the customers regarding the late payments, and there is no documentation indicating that he informed the customers of the late payments.
45. As of August 5, 2008, Synergy had not signed a selling agreement with Medcap and did not receive the letter. Although Crawford knew that Synergy was in the process of approving MP VI as a new product, he did not notify anyone at Synergy about Medcap's delays in payment. In fact, he later explained that he relied upon Synergy to independently discover the late payments during its due diligence process.

46. Although Crawford had invested in MP I, MP III, MP IV, and MP V, he chose not to invest any funds in MP VI.
47. MP II's PPM identified circumstances that constituted "events of default." The first such "event of default" identified in MP II's PPM was its "failure to pay interest or principal on any note for a period of 15 days after it becomes due and payable." Consequently, MP II defaulted on its payment obligations on August 19, 2008, which was 15 days after it failed to make a payment of principal to note holders that was due on August 4, 2008.
48. On August 29, 2008, Crawford became registered with Synergy. On the same day, Medcap was officially in default on MP III. MP III's PPM provided that its failure to pay interest or principal on any note for a period of 30 days after payment became due and payable was an "event of default." Therefore, MP III defaulted on or about August 29, 2008, which was 30 days after it failed to make payments to note holders that were due on or about July 30, 2008.
49. Crawford knew or should have known of the default by MP III, because he held unmatured MP III notes.
50. Despite Synergy's failure to conduct any meaningful due diligence, Synergy, acting through Crawford, sold \$850,000 in MP VI notes to five customers from September 26, 2008, through January 29, 2009.
51. After DR's email of August 26, 2008, to Medcap, Synergy initiated no further efforts to obtain information regarding Medcap.
52. On September 26, 2008, Synergy, acting through Crawford, made two sales of MP VI to Customers RR and RR (husband and wife) in the total amount of \$350,000. These customers had previously purchased MP I notes which matured in June 2006. Because

MP I performed as promised, the customers were receptive to investing in MP VI.

Crawford emphasized to the customers that MP VI had an even higher interest rate than MP I and reminded them of the reliability of the payments they had received on MP I.

Crawford, however, failed to disclose his knowledge that both MP II and MP III had defaulted.

53. On October 3, 2008, Medcap issued a third party due diligence report for MP VI created by Buttonwood Investment Services, LLC. The report indicated that MPFC II and III were up to 35 days late on their payments for August and September 2008. The report attributed the late payments to client re-financings that did not occur as scheduled. The report noted several other concerns, including among other things, the fact that fees to the administrator of MP VI equaled the amount maintained in the Trust Account, resulting in a situation where the collateral coverage ratio was no longer 100%. Furthermore, no reports had been made by Medcap to the SEC, there were a lack of controls on the lockbox associated with the offering, and proceeds from MP VI could be used to pay sales commissions on other notes issued later in the offering.
54. DR received the report via email from Medcap, but did not forward the report to anyone within Synergy. No one at Synergy read or analyzed the information in the report.
55. On the same day that the report was sent to DR, Synergy, acting through Crawford, made two sales of MP VI notes to Customer DB in the total amount of \$200,000. Crawford contacted DB to inform her that two of her purchases of prior Medcap notes were maturing and encouraged her to reinvest those funds in MP VI. Although Crawford emphasized the interest rate offered by MP VI, he failed to disclose his knowledge that both MP II and MP III had defaulted.

56. On October 11, 2008, Crawford received an email from Medcap informing him of additional delays in interest and principal payments on MP II and MP III offering. Crawford did not forward the email to anyone within Synergy and did not inform anyone at Synergy of the payment delays. Crawford stated that he relied upon Synergy to conduct its own due diligence in approving his sales of MP VI.
57. On November 18, 2008, Synergy, acting through Crawford, sold \$100,000 of MP VI to husband and wife JH and JH. These customers had personally experienced a delay in interest payments on an MP III note held by them and called Crawford to discuss the delay. Rather than disclose the full extent of the MP II and MP III defaults, Crawford reassured the customers that MP III was “just a little behind on receipts.” He characterized the delay as a “speed bump,” stating that once MP III’s receivables were paid, MP III would resume its payments. The customers also owned MP V notes which had been performing as promised. Crawford encouraged JH and JH to reinvest the proceeds from their other Medcap notes into MP VI, stating that MP VI was “solid gold.”
58. On December 2, 2008, Medcap issued an updated due diligence report on MP VI created by Buttonwood. The report stated that \$41 million in MP II notes had matured, but were unpaid; \$24.7 million in MP III notes had matured, but were unpaid; and \$12.2 million in MP II-III had matured, but were unpaid. The report further stated that Medcap was actively seeking alternative financing sources, formulating new wind down procedures, and considering the use of a sinking fund in future offerings. The warnings were highlighted in red on the updated report.

59. Again, DR stated that he received the report but did not forward it to anyone at Synergy. No one at Synergy read or analyzed the information in the report.
60. On December 4, 2008, Synergy, acting through Crawford, sold \$100,000 of MP VI to Customer KF. Crawford failed to disclose to KF the delayed payments and defaults by MP II and MP III.
61. On January 29, 2009, Synergy, acting through Crawford, sold \$100,000 of MP VI to Customer WR. WR had been Crawford's customer since 2006. WR called Crawford in early 2009 to discuss investments that would provide income and safety. Crawford presented him with MP VI, stating that it was safe and would return a guaranteed 9% interest per annum. Crawford did not discuss any risks and failed to disclose that MP II and MP III had defaulted.
62. Because Synergy failed to complete its initial due diligence and performed no ongoing due diligence, the firm failed to detect any of the late payments or defaults. Synergy did not learn of the Medcap defaults until receiving an email in April 2009 from a third party due diligence provider Mick and Associates.
63. Crawford knew or should have known of the MP III defaults, but did not disclose the defaults to anyone at Synergy, and further, declined to personally invest in MP VI.
64. The late payments and defaults in MP II and MP III were significant, because these special purpose corporations and MP VI were subsidiaries of the same parent, Medcap. Each, according to their respective PPM's, could receive loans from the parent to fund principal and interest payments. Loans by Medcap to MP II and MP III were likely to affect the financial health of Medcap and decrease the assets available to cover the obligations of MP VI. Furthermore, MP II, MP III, and MP IV had virtually identical

business plans, investment strategies, and management. For these reasons, defaults in earlier offerings increased the probability of defaults in later offerings.

65. For each of the sales made to the five customers detailed in the paragraphs above, Synergy and Crawford sent to the customers the MP VI PPM, stating that no affiliates of MP VI had delayed interest payments or defaulted. Crawford knew or should have known this statement was false and Synergy should have known that the statement was false. However, neither Crawford nor Synergy took any steps to correct the misrepresentation. Furthermore, Crawford initiated no post-sale conversations with customers to inform them of the defaults and late payments.
66. As more fully described in paragraph 14 above, the SEC has sued MP VI for fraud, the U.S. District Court for the Central District of California has granted the SEC's motion for a temporary restraining order to halt the MP VI offering, and the Medcap entities have been placed in receivership. As a result, Synergy's customers have not received scheduled principal or interest payments on their total investment of \$850,000 since July 2009.
67. Synergy earned sales concessions from Medcap on the sale of the MP VI private placements of approximately \$38,250.
68. Crawford earned net commissions of approximately \$26,252.50 on the five sales he made of MP VI.
69. From on or about August 11, 2008 to on or about April 1, 2009, Synergy's written supervisory procedures regarding due diligence for private placements such as MP VI were inadequate.

70. Synergy created written supervisory procedures for the due diligence of new offerings and new products, including private placements. The written supervisory procedures identified a New Product/Senior Team made up of the General Counsel, Compliance and the Chief Financial Officer. The New Product/Senior Team was responsible for approving new offerings. The written supervisory procedures limited Synergy's review of a new product to information provided by the issuer.
71. The written supervisory procedures relating to due diligence of new products were inadequate because the procedures did not require Synergy to obtain information from sources other than the issuer; the procedures failed to ensure that a reasonable inquiry of the issuer and its management team was conducted; and the procedures did not ensure that the offerings would be properly supervised after approved for sale.
72. Consequently, Synergy failed to establish written supervisory procedures reasonably designed to prevent fraud and unsuitable recommendations in the sale of private placements.
73. Although the written supervisory procedures were inadequate, Synergy and Jones did not even follow the procedures that did exist. The procedures for approval of a new product required that a checklist be completed and that the approved checklist be retained in the new product file. The new product review also required that the firm determine if the product was beneficial to customers, which customers would be targeted, documentation of the features and risks of the new product, determination of whether written disclosures or educational information should be provided to potential customers. The procedures required that all of these steps be completed prior to the offering of the new

product to customers. Documentation of the analysis was to be kept in the due diligence file.

74. Jones signed the selling agreement for MP VI. Synergy, through Jones, failed to follow the written procedures with regards to the approval of MP VI. In an effort to expedite the hiring of Crawford, Jones approved the selling agreement 34 minutes after reading the PPM. He approved the selling agreement, despite the fact that Medcap had not provided the requested due diligence checklist. Neither Jones nor anyone else at Synergy conducted the new product analysis required by the written supervisory procedures.
75. If Synergy had established, implemented, and enforced reasonable supervisory procedures for due diligence on private placements, Synergy would have discovered in August 2008 that Medcap had missed payments on other offerings and that the State of California had charged Medcap's chief executive officer with fraud and barred him from the insurance industry. Reasonable due diligence after approval of the selling agreement would have apprised Synergy of defaults on other Medcap offerings and the significant red flags contained in the Buttonwood reports.
76. By failing to establish, maintain, and enforce a supervisory system and written supervisory procedures that were reasonably designed to achieve compliance with all applicable regulatory requirements with respect to the MP VI private placements, Synergy and Jones violated NASD Conduct Rules and FINRA Rules.
77. The conduct described above constitutes violations of NASD Conduct Rules 3010 and 2110, during the period August 11, 2008, through December 14, 2008, and of NASD

Conduct Rule 3010 and FINRA Rule 2010 during the period from December 15, 2008, through April 1, 2009, by Synergy and Jones.

78. In order to obtain approval by Synergy for his intended sales of MP VI, Crawford omitted material facts during the employment negotiations regarding late payments and defaults by Medcap subsidiaries. Likewise, Crawford failed to disclose the same material facts to customers in order to continue his sales of Medcap investments.
79. Crawford knew or should have known that Synergy had requested the PPM for MP VI in order to determine whether to approve Crawford's employment by Synergy and Crawford's sale of MP VI. Crawford knew or should have known that the PPM for MP VI made the misrepresentation that the affiliates of MP VI had never missed a payment on their debt obligations.
80. Crawford received notice of late payments by Medcap entities prior to Synergy's approval of MP VI, but did not disclose these late payments to Synergy. As an investor in MP III, Crawford knew or should have known of the MP III defaults.
81. Following approval by Synergy of the sale of MP VI, Crawford also received notice of the defaults by Medcap entities.
82. From on or about September 26, 2008 through on or about January 29, 2009, Crawford made negligent misrepresentations and/or omissions of material fact in connection with the sale of MP VI to customers RR and RR, DB, JH and JH, KF, and WR.
83. For each sale of MP VI, Crawford knew that customers were receiving a copy of the PPM for MP VI. Crawford knew or should have known that the PPM falsely stated that none of the other Medcap companies had delayed interest payments or defaulted.

Despite the materiality of this information, Crawford took no steps to correct the misinformation with his customers.

84. Not only did Crawford omit to disclose the payment history of the Medcap entities from Synergy and his customers who purchased MP VI, but Crawford also failed to inform prior Medcap purchasers of the defaults.
85. Crawford had also sold issues of MP I through MP V to numerous customers while registered with Securities America. Crawford declined Securities America's offer to inform the customers of the late payments by Medcap, stating that he would discuss the matter with the customers personally. However, Crawford never initiated any conversations with prior investors regarding the delayed payments and defaults. Any conversations that he did have with investors occurred when investors called with concerns and resulted in Crawford providing misleading information to the investors and false reassurances regarding the investment.
86. The conduct described above constitutes a violation of NASD Conduct Rule 2110, during the period August 5, 2008, through December 14, 2008 and of FINRA Rule 2010 during the period December 15, 2008, through April 1, 2009, by Crawford.¹

Based on the foregoing, Respondents Synergy Investment Group, LLC and Jeffrey D. Jones violated NASD Conduct Rules 3010 (a) and (b) and 2110, FINRA Rule 2010.

Based on the foregoing, Respondent Thurman R. Crawford violated NASD Conduct Rule 2110 and FINRA Rule 2010.

¹ In connection with the Offer, the charge against Crawford for violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder contained in Count II of the Complaint was withdrawn.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondents from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondents be assessed the following sanctions:

A. Imposing sanctions against Respondent Synergy Investment Group, LLC of a censure and a fine in the amount of \$20,000. The level of sanctions takes into account restitution payments made to the customers of \$148,750 by Respondent Synergy Investment Group, LLC.²

Respondent Synergy Investment Group, LLC agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable.

Respondent Synergy Investment Group, LLC has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

B. Imposing sanctions against Respondent Jeffrey D. Jones of a fine in the amount of \$10,000 and a three-month suspension in any principal capacity with any FINRA member firm.

Respondent Jeffrey D. Jones agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent Jeffrey D. Jones has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

C. Imposing sanctions against Respondent Thurman R. Crawford of a fine in the amount of \$10,000 and a sixty-day suspension in all capacities with any FINRA member firm. The level

² Synergy Investment Group, LLC has provided proof of restitution to FINRA.

of sanctions takes into account restitution payments made to the customers of \$148,750 by Thurman R. Crawford.³

Respondent Thurman R. Crawford agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent Thurman R. Crawford has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority

A handwritten signature in black ink, appearing to read 'Laura Leigh Blackston', is written over a horizontal line.

Laura Leigh Blackston, Senior Regional Counsel
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³ Proof of restitution has been provided to FINRA by Respondent Thurman R. Crawford.