

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Austin R. Dutton, Jr.
(CRD No. 2739167),

Respondent.

Disciplinary Proceeding
No. 2018059178401

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between May 2014 and February 2020 (the “Relevant Period”), Respondent Austin R. Dutton, Jr. (“Dutton”) made unsuitable recommendations to 10 customers (Customers A through J, and collectively the “Customers”) to purchase more than \$1.2 million in alternative investments. Dutton generated more than \$72,000 in commissions from these recommendations.

2. The alternative investments that Dutton recommended included non-traded real estate investment trusts (“REITs”), non-traded business development companies (“BDCs”), structured products, and other illiquid securities. These alternative investments were all speculative investments that involved a high degree of risk.

3. But, as they informed Dutton, none of the Customers were seeking to make speculative, high-risk investments. Each of the Customers had limited (or no) investment experience and none had ever purchased alternative investments. Most of the Customers were

retired or approaching retirement, and many relied on their savings for income. None of the Customers were able to financially bear the risks associated with alternative investments.

4. Nevertheless, Dutton recommended that the Customers use a significant portion of their retirement savings to purchase alternative investments.

5. Dutton's recommendations resulted in unsuitable concentrations of the Customers' net worth and investable assets (liquid net worth plus securities holdings)¹ in speculative and illiquid securities, which was inconsistent with their investment profiles, including their investment objectives, financial situations and needs, risk tolerances, and investment experiences.

6. By recommending unsuitable investments to 10 customers, Dutton violated FINRA Rules 2111 and 2010.

7. To enable many of these unsuitable investments, while Dutton was registered through an association with Newbridge Securities Corporation ("Newbridge") he inflated the net worths, risk tolerances, and investment objectives of Customers A, B, C, D, E, H, I, and J in order to circumvent Newbridge's supervisory oversight.

8. In total, Dutton falsified Customers A, B, C, D, E, H, I and J's information on 32 documents, including new account records and investment forms, so that in many cases, they appeared to be eligible to purchase alternative investments, when in fact they were not.

9. By falsifying 32 customer documents and causing information about his customers to be inaccurate on Newbridge's books and records, Dutton violated FINRA Rule 4511, and also violated FINRA Rule 2010 independently and by virtue of having violated FINRA Rule 4511.

¹ The term "investable assets" includes liquid net worth plus any retirement assets that customers deposited into their Newbridge accounts with Dutton, in addition to any known investment assets held elsewhere.

10. In April 2022 and May 2022, FINRA sent Dutton request letters pursuant to FINRA Rule 8210, directing him to produce documents and information related to his sale of alternative investments. Dutton failed to produce any documents or information.

11. On July 5, 2022, FINRA suspended Dutton from associating with any FINRA member in any capacity pursuant to FINRA Rule 9552 and notified Dutton that he would be barred from the securities industry on September 12, 2022, if he failed to respond. On September 9, 2022, Dutton finally responded to FINRA's requests.

12. By failing to timely respond to FINRA's April 2022 and May 2022 request letters, Dutton violated FINRA Rules 8210 and 2010.

13. In May 2023 and July 2023, FINRA sent Dutton additional request letters pursuant to FINRA Rule 8210, directing him to produce documents and information related to his sale of alternative investments. Dutton failed to produce any documents or information.

14. By failing to respond to FINRA's May 2023 and June 2023 request letters at all, Dutton violated FINRA Rules 8210 and 2010.

15. In September 2023 and October 2023, in connection with a separate investigation into whether Dutton engaged in a private securities transaction, FINRA sent Dutton request letters pursuant to FINRA Rule 8210, directing him to produce information related to an investment account. Dutton failed to produce any information.

16. By failing to respond to FINRA's September 2023 and October 2023 request letters at all, Dutton violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

17. Dutton first became registered with FINRA as a General Securities Representative ("GS") through his association with a member firm in 1996. Between 1996 and 2007, Dutton

was registered through various FINRA member firms.

18. From August 2007 through August 2017, Dutton was registered as a GS through his association with Newbridge.

19. In July 2017, Dutton entered into a Consent Agreement and Order with the State of Pennsylvania's Department of Banking and Securities for violating the Pennsylvania Securities Act of 1972. From January 2012 through December 2016, Dutton recommended the purchase of a security to at least one Pennsylvania customer without reasonable grounds to believe that the transaction was suitable for the customer. Dutton consented to a \$200,000 fine.

20. On August 10, 2017, Newbridge filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") stating that "Mr. Dutton voluntarily resigned during a Pennsylvania investigation that commenced as part of an audit of his office. Shortly after his resignation, Mr. Dutton entered into a consent agreement and order with Pennsylvania, as reported in a [Form] U6 filing."

21. After resigning from Newbridge, Dutton was associated with two other FINRA member firms from July 2017 through May 2019 as a GS. Dutton then became registered as a GS through his association with Primex Prime Electronic Execution, Inc. ("Primex") from May 2019 through June 2020. After voluntarily resigning from Primex, Dutton was registered as a GS through his association with American Trust Investment Services, Inc. ("American Trust") from May 2020 through January 2022. On January 7, 2022, American Trust filed a Form U5 disclosing that Dutton voluntarily terminated his registration through that firm.

22. On December 13, 2023, American Trust filed a Form U5 amendment for Dutton disclosing an arbitration statement of claim filed by two of Dutton's customers alleging Dutton was involved in sales practice violations related to their purchase of alternative investments.

23. Dutton has not been associated with a FINRA member firm since January 7, 2022.

24. From July 5, 2022, through September 14, 2022, Dutton was suspended from associating with any FINRA member in any capacity pursuant to FINRA Rule 9552 because he failed to provide information and documents to FINRA, which had been requested in accordance with and pursuant to FINRA Rule 8210.

25. On July 26, 2023, Dutton was suspended from associating with any FINRA member in any capacity pursuant to Article VI, Section 3 of FINRA's By-Laws and FINRA Rule 9554 for failure to comply with an arbitration award. Although Dutton is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after December 13, 2023, which was the date of an amendment to Dutton's notice of termination that was filed within two years after his original notice of termination and that disclosed Dutton may have engaged in conduct actionable under any applicable statute, rule, or regulation; (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member firm; and (3) the Complaint charges him with failing to respond to FINRA requests for information during the two-year period after the filing of an amendment to Dutton's Form U5.

FACTS

I. Alternative Investments

26. Alternative investments often have complex terms and features that are not easily understood by retail investors, as the National Association of Securities Dealers ("NASD")

reminded members in its November 2003 Notice to Members 03-71 (“NTM 03-71”) concerning non-conventional investments.

27. Although alternative investments may be offered to retail investors in an attempt to increase investors’ potential return on investments, alternative investments correspondingly may involve greater degrees of risk. Alternative investments may, for example, have less market liquidity and less transparency regarding their pricing and value.

28. Retail investors may not understand the features of these alternative investments and may not fully appreciate the associated risks of investing in them. As a result, and as stated in NTM 03-71, alternative investments may be suitable for recommendation to only a very narrow band of investors capable of evaluating and being able to bear these risks.

29. During the Relevant Period, and as alleged below, Dutton recommended that 10 customers (Customers A through J) purchase illiquid alternative investments, including investments in (1) 11 non-traded REITs, (2) two non-traded BDCs, (3) four structured products, and (4) four other speculative and/or illiquid alternative investments.

30. The risk factors identified in the prospectuses and the subscription agreements were similar for each of these alternative investments. The prospectuses and subscription agreements typically stated that, among other things, investing in these securities involved a high degree of risk, was speculative, was not suitable for persons who required immediate liquidity, and/or was only appropriate for those investors who could afford a complete loss of their investments.

A. Dutton Recommended Non-Traded REITs

31. A REIT is a corporation, trust, or association that owns or manages income-producing real estate. There are two types of public REITs: those that trade on a national

securities exchange and those that do not. REITs in this latter category are generally referred to as publicly registered non-exchange traded REITs, or simply, non-traded REITs.

32. The risks of investing in non-traded REITs include illiquidity, restrictive early redemption of shares, and high front-end costs.

33. Dutton recommended the following non-traded REITs to the Customers during the Relevant Period:

- I. American Realty Capital Healthcare Trust II, Inc. (“ARC HCT II”);
- II. American Realty Capital Realty Finance Trust, Inc. (“ARC RFT”);
- III. American Realty Capital — Retail Centers of America, Inc. (“ARC Retail”);
- IV. Preferred Apartment Communities, Inc. (“PAC”) Preferred Stock;
- V. American Realty Capital Hospitality Trust, Inc. (“ARC Hospitality”);
- VI. Cottonwood Residential, Inc. (“Cottonwood Residential”);
- VII. Cottonwood Residential O.P., L.P. (“Cottonwood Residential O.P.”);
- VIII. Cottonwood Communities, Inc. (“Cottonwood Communities”);
- IX. Carter Validus Mission Critical REIT II (“Carter Validus”);
- X. Bluerock Residential Growth REIT, Inc. (“Bluerock”) Preferred Stock; and
- XI. Mackenzie Realty Capital, Inc. (“Mackenzie Realty”).

34. Cottonwood Residential limited its offering to “accredited investors,” defined as a natural person (1) whose individual net worth, or joint net worth with that person’s spouse, exceeded \$1,000,000 (excluding the value of his or her primary residence); or (2) who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and had a reasonable expectation of reaching the same income level in the current year.

B. Dutton Recommended Non-Traded BDCs

35. A BDC is a closed-end investment company that primarily invests in small and medium sized enterprises that cannot otherwise easily raise capital. As with non-traded REITs, non-traded BDCs are not traded on a national securities exchange. Non-traded BDC investments involve some of the same concerns as non-traded REITs and other private placements that expose investors to heightened levels of leverage and credit risk, as well as illiquidity.

36. Dutton recommended that customers purchase investments in the following non-traded BDCs during the Relevant Period: Sierra Income Corporation (“Sierra Income”) and Terra Income Fund 6, Inc. (“Terra Income”).

C. Dutton Recommended Structured Products

37. Structured products are securities derived from or based on a single security, a basket of securities, an index, a commodity, a debt issuance, and/or a foreign currency. Structured products typically have two components—a note and a derivative. The note pays interest to the investor at a specified rate and interval. The derivative component establishes the payment at maturity.

38. “Steepener notes” typically offer a higher “teaser” coupon rate for the first year, after which they offer variable rates determined by the steepness of a yield curve. As FINRA warned members in Regulatory Notice 12-03, a complex product like steepener notes “presents an additional risk to retail investors because its complexity adds a further dimension to the investment decision process beyond the fundamentals of market forces.”

39. Dutton recommended that his customers purchase security interests in the following structured products during the Relevant Period, all of which are steepener notes:

- I. Citigroup Inc. Callable Leveraged CMS Spread Notes (“Citigroup Notes”);

- II. Societe Generale 12% Trigger Notes (“Societe Generale Notes”);
- III. Morgan Stanley Leveraged CMS Curve and S&P Index Linked Notes (“Morgan Stanley Notes”); and
- IV. JPMorgan Chase & Co. Callable Range Accrual Notes (“JPM Notes”).

D. Dutton Recommended Other Alternative Products

40. Dutton also recommended the purchase of shares, units, and/or interests in the following illiquid and/or speculative alternative investments during the Relevant Period:

- I. GWG Holdings, Inc. Redeemable Preferred Stock (“GWG Holdings”), an offering of publicly registered, non-traded securities related to GWG Holdings, Inc., a purchaser of life insurance policies in the secondary market;
- II. Multi Strategy Growth & Income Fund (“MSGI Fund”), a closed-end management investment company that diversifies assets across various alternative investments, including REITs, equity income investments, BDCs, and structured notes;
- III. Griffin Institutional Access Credit Fund (“Griffin Institutional”), a closed-end management investment company that diversifies assets across various debt obligations, including debt securities rated below investment grade and collateralized loan obligations; and
- IV. GPB Automotive Portfolio, LP (“GPB Automotive Portfolio”), limited partnership interests sold pursuant to Regulation D for which GPB Capital Holdings, LLC, a New York-based, middle-market private equity firm, was the general partner, and which acquired controlling interests in automobile dealerships.

II. Dutton's Customers

41. Dutton typically found his customers by advertising his services to first responders, including police officers, firefighters, and other members of the Fraternal Order of Police ("FOP"), as well as their spouses.

42. Dutton's customers were usually retired or approaching retirement.

43. All of the Customers (A through J) were first responders or were married to a first responder.

44. Customers A, B, C, D, F, G, H, and I were retired or approaching retirement when they had investment accounts with Dutton.

45. All of the Customers (A through J) had limited investment knowledge.

46. Dutton recommended that the Customers (A through J) use a significant portion of their retirement savings to invest in alternative investments that he represented would provide greater income and security, without disclosing that these products were, among other things, high-risk and/or illiquid.

III. Dutton Falsified Customer Documents and Caused Inaccurate Books and Records While at Newbridge

47. During the Relevant Period, Newbridge's Written Supervisory Procedures ("WSPs") defined an alternative investment as "an investment product other than traditional investments such as stocks, bonds or cash."

48. Newbridge's WSPs prohibited its registered representatives from concentrating more than 20 percent of a customer's net worth, excluding primary residence, in alternative investments ("Newbridge's 20 percent concentration policy").

49. In addition, Newbridge's WSPs identified factors its registered representatives and supervising principals needed to consider with respect to the recommendation and purchase

of alternative investments, including, but not limited to, the customer's age, financial information, risk tolerance, and liquidity needs.

50. Prior to purchasing certain alternative investments, Newbridge required that its registered representatives complete an Alternative Investment Submission Form ("Suitability Form") that included the suitability information identified above, as well as the customer's concentration percentage relative to net worth, excluding primary residence.

51. The Suitability Form required Newbridge's representatives to calculate the percentage that each particular alternative investment represented of the customer's net worth (excluding primary residence). The Suitability Form further required the representative to calculate the percentage that the purchase, combined with prior alternative investments, constituted of the customer's net worth (excluding primary residence).

52. When recommending alternative investments to customers, Newbridge also required its registered representatives to submit, and its customers to sign, among other things, an updated new customer account information form, titled "Direct Business Profile and Agreement," which listed, among other things, the customer's annual income, net worth (excluding primary residence), liquid net worth, the customer's investment objective, the customer's date of birth, and the customer's liquidity needs.

53. For investments limited to accredited investors, Newbridge additionally required its registered representatives to submit, and its customer to sign, an Alternative Investment Accredited Investor Suitability Form ("Accredited Investor Form"), which listed, among other things, the customer's net worth, liquid net worth, total years of investment experience, investment knowledge with alternative investments, and accredited investor status.

54. In order for a customer's purchase of an alternative investment to be approved, Newbridge required its representatives to submit a packet of documents, including, among other things, the Suitability Form, the Direct Business Profile and Agreement form, the Accredited Investor Form (when applicable), and an alternative investment subscription agreement (collectively, the "Alternative Investment Documents"), for a Newbridge principal's approval.

55. Newbridge required its representatives to submit the Alternative Investment Documents for purchases of non-traded REITs, non-traded BDCs, and GPB Automotive Portfolio (the "Newbridge Subset of Disclosable Alternative Investments"). Newbridge did not require its representatives to submit the Alternative Investment Documents for purchases of steepener notes, GWG Holdings, MSGI Fund, Bluerock, or PAC.

56. A Newbridge principal reviewed the Alternative Investment Documents to determine compliance with Newbridge's 20 percent concentration policy and to review for suitability, considering, among other things: (1) client age, (2) financials, (3) time horizon, (4) risk tolerance, (5) investment objective, and (6) liquidity needs.

57. Dutton was aware of Newbridge's procedures, requirements, and limitations with respect to alternative investments.

58. During the Relevant Period, to circumvent Newbridge's 20 percent concentration policy and Newbridge's supervisory oversight, Dutton inflated his customers' net worths on new account and investment forms, including Suitability Forms and Direct Business Profile and Agreement forms.

59. To create the false appearance that alternative investments were suitable for his customers, Dutton falsified new account documents and Direct Business Profile and Agreement

forms related to eight customers to inaccurately assign and/or change their risk tolerances to “aggressive” and their investment objectives to “aggressive/long term growth & income.”

60. During the Relevant Period, Dutton falsified a total of 32 documents submitted to Newbridge, including new account documents, Suitability Forms, Direct Business Profile and Agreement forms, and Accredited Investor Forms for eight customers by misrepresenting their investor profile and suitability information, including net worth, risk tolerance, investment objective, and/or concentration percentage in alternative investments.

61. The Newbridge records relating to the eight customers and their purchases of alternative investments that Dutton caused to be inaccurate and falsified are listed in the attached Exhibit A.

IV. Dutton Made Unsuitable Recommendations to 10 Customers

62. During the Relevant Period, Dutton made unsuitable recommendations to the Customers to purchase more than \$1.2 million in alternative investments.

63. Dutton generated more than \$72,000 in commissions from these recommendations.

A. Customer A

64. In June 2014, Customer A opened two retirement accounts at Newbridge with Dutton after attending a presentation Dutton made for FOP members. At the time, Customer A was a 57-year-old retired police officer living in Montrose, Pennsylvania.

65. According to Newbridge’s new account documents for Customer A dated June 2014, his annual income was “\$100,001 - \$200,000,” his liquid assets were “\$100,001 - \$200,000,” and his net worth (excluding residence) was “\$500,001 - \$1,000,000.” Customer A’s

investment objective was marked as “Growth & Income,” his risk tolerance as “moderate,” and his investment knowledge as “limited.”

66. Customer A had no prior experience investing in alternative investments.

67. Between June 2014 and June 2017, Customer A had a maximum of approximately \$652,631 in investable assets and a net worth of approximately \$652,631 (excluding primary residence).

68. After opening his account, Dutton recommended that Customer A use a significant portion of his investable assets, which included retirement savings, to invest in alternative investments.

69. Between June 2014 and June 2017, Dutton recommended, and Customer A purchased, 18 alternative investments totaling \$341,748, as follows:

DATE ²	PRODUCT	PURCHASE
6/18/2014	ARC HCT II	\$31,000
6/18/2014	ARC RFT	\$31,000
6/18/2014	ARC Retail	\$31,000
7/28/2014	Sierra Income	\$31,000
7/28/2014	Citigroup Note	\$16,000
11/18/2014	Societe Generale Note	\$10,000
11/24/2014	Societe Generale Note	\$10,000
11/24/2014	MSGI Fund	\$20,000
1/29/2015	PAC	\$6,000
6/12/2015	PAC	\$1,000
7/24/2015	ARC Hospitality	\$40,000
7/24/2015	Cottonwood Residential	\$60,000
8/13/2015	Morgan Stanley Note	\$14,748
4/14/2016	PAC	\$1,000
4/14/2016	PAC	\$10,000
7/28/2016	GWG Holdings	\$10,000
12/29/2016	GWG Holdings	\$7,000
6/12/2017	MSGI Fund	\$12,000

² The dates in this column and in all subsequent charts refer to the approval of the application to purchase the investment, when applicable. If the investment did not require an application, the date refers to the trade execution date.

70. In November 2014, Dutton recommended that Customer A purchase \$20,000 in MSGI Fund and \$20,000 in a Societe Generale Note. As alleged above, by that time, Customer A had significant alternative investment holdings based on Dutton's prior recommendations. Customer A still owned the above-listed alternative investments that Dutton previously recommended, and the November 2014 purchases caused Customer A to have approximately 27 percent of his net worth and approximately 27 percent of his investable assets concentrated in alternative investments.

71. Dutton continued to recommend and purchase alternative investments for Customer A. For example, in July 2015, Dutton recommended that Customer A purchase \$100,000 in shares of two non-traded REITs, Cottonwood Residential (\$60,000 investment) and ARC Hospitality (\$40,000 investment). These purchases caused Customer A to have approximately 44 percent of his net worth and approximately 44 percent of his investable assets concentrated in alternative investments.

72. In order to create the appearance that Customer A met Newbridge's 20 percent concentration policy, Dutton falsely represented that Customer A's net worth was "\$1,000,001 - \$3,000,000" on two new account documents dated July 2015 and August 2015. Dutton also falsely represented on these new account documents that Customer A's risk tolerance, which had not changed, was now "aggressive."

73. In addition, in order to create the appearance that Customer A was an accredited investor as required by the issuer to invest in Cottonwood Residential, Dutton falsified an Accredited Investor Form to falsely and inaccurately state that Customer A's net worth, excluding primary residence, exceeded \$1 million.

74. Dutton falsified an additional four documents he submitted to Newbridge in connection with Customer A's July 2015 purchases of ARC Hospitality and Cottonwood Residential. Dutton falsely and inaccurately stated on two Suitability Forms that Customer A's concentration in the Newbridge Subset of Disclosable Alternative Investments relative to net worth (excluding primary residence) was 18.6 percent, when in fact, it was approximately 34 percent. In addition, Dutton falsified two Direct Business Profile and Agreement forms that misstated Customer A's investment objective as "aggressive/long term growth & income" and his net worth (excluding primary residence) as "\$1,000,000 - \$2,499,999."

75. By June 2017, Customer A had approximately 48 percent of his net worth and approximately 48 percent of his investable assets concentrated in alternative investments.

76. Dutton's recommendations from November 2014 to June 2017 that Customer A purchase \$201,748 in alternative investments were unsuitable based on his overall investor profile, including among other things, his retirement status, risk tolerance, investment objective, net worth, and investable assets, and because Dutton's recommendations to Customer A resulted in over-concentration of Customer A's net worth and investable assets in alternative investments.

77. Additionally, Dutton's recommendation that Customer A purchase Cottonwood Residential was not suitable because Customer A was not an accredited investor as required to invest in Cottonwood Residential.

B. Customers B and C

78. In March 2010, Customer B opened an individual retirement account at Newbridge after FOP members referred him to Dutton. At the time, Customer B was a 54-year-old retired police officer with a part-time job, and his wife, Customer C, was a 55-year-old retiree with a part-time job as a sales representative.

79. In February 2011, Customers B and C opened a joint retirement account and Customer C opened an individual retirement account at Newbridge with Dutton. Prior to opening their accounts with Dutton, Customers B and C had no experience investing in alternative investments.

80. According to Newbridge's new account documents for Customers B and C dated March 2010 and February 2011, their annual income was "\$50,001 - \$100,000," their liquid assets were "\$100,001 - \$200,000," and their net worth (excluding residence) was "\$100,001 - \$500,000." Their investment objective was marked as "Growth & Income," their risk tolerance as "moderate," and their investment knowledge as "limited."

81. Between May 2014 and August 2015, Customers B and C had a maximum of approximately \$887,865 in investable assets and their net worth was approximately \$1.2 million (excluding primary residence).

82. Dutton recommended that Customers B and C use a significant portion of their investable assets, which included retirement savings, to invest in alternative investments.

83. Between May 2014 and August 2015, Dutton recommended, and Customers B and C purchased, seven alternative investments totaling \$222,357 as follows:

DATE	PRODUCT	PURCHASE
5/30/2014	Carter Validus	\$56,000
8/25/2014	ARC HCT II	\$26,000
11/17/2014	Sierra Income	\$20,000
2/4/2015	ARC RFT	\$50,000
2/9/2015	ARC RFT	\$50,000
3/10/2015	JPM Note	\$1,000
8/10/2015	Morgan Stanley Note	\$19,357

84. In May 2014, Dutton recommended that Customers B and C purchase \$56,000 in Carter Validus, a non-traded REIT. This purchase, combined with past recommendations of alternative investments Dutton had made, caused Customers B and C to have approximately 33

percent of their net worth and approximately 45 percent of their investable assets concentrated in alternative investments.

85. In connection with the purchase of Carter Validus, Dutton falsified a Suitability Form he submitted to Newbridge. Dutton falsely and inaccurately stated that Customer B's and Customer C's concentration in the Newbridge Subset of Disclosable Alternative Investments relative to net worth (excluding primary residence) equaled 16.4 percent, when in fact it was approximately 22 percent, in order to circumvent Newbridge's 20 percent concentration policy.

86. Dutton continued to recommend and purchase alternative investments for Customers B and C. For example, in February 2015, Dutton recommended Customers B and C purchase \$100,000 in ARC RFT, a non-traded REIT.

87. In connection with that recommendation, Dutton falsified Customer B's and C's three new account documents dated January and February 2015 to state falsely and inaccurately that their risk tolerances were "aggressive."

88. Dutton falsified an additional four documents he submitted to Newbridge in connection with his recommendations to Customers B and C, including: (1) two Suitability Forms dated January 2015 related to the purchases of ARC RFT that misstated Customer B's and Customer C's concentration in the Newbridge Subset of Disclosable Alternative Investments relative to net worth (excluding primary residence) as 15.4 percent, when in fact it was approximately 30 percent; and (2) two Direct Business Profile and Agreement forms dated January 2015 related to the purchases of ARC RFT that misstated Customer B's and Customer C's investment objective as "aggressive/long term growth & income."

89. By August 2015, Customers B and C had approximately 40 percent of their net worth and approximately 55 percent of their investable assets concentrated in alternative investments.

90. Dutton's recommendations from May 2014 to August 2015 that Customers B and C purchase \$222,357 in alternative investments were unsuitable based on their overall investor profiles, including among other things, their retirement status, risk tolerance, investment objective, net worth, and investable assets. Additionally, Dutton's recommendations to Customers B and C were unsuitable because they resulted in over-concentration of their net worth and investable assets in alternative investments.

C. Customer D

91. In January 2015, Customer D opened an account at Newbridge after FOP members referred him to Dutton. At the time, Customer D was a 58-year-old police officer approaching retirement, living in Philadelphia, Pennsylvania. As Dutton was aware, Customer D had recently suffered a stroke and was experiencing serious health issues.

92. According to Newbridge's new account document for Customer D dated January 2015, his annual income was "\$50,001 - \$100,000," his liquid assets were "Under \$25,000," and his net worth was "\$100,001 - \$500,000." Customer D's investment objective was marked as "Growth & Income," his risk tolerance as "aggressive," and his investment knowledge as "limited."

93. At account opening, Customer D advised Dutton that he was a conservative or moderate investor given his upcoming retirement and health concerns. Customer D did not have prior experience investing in alternative investments. Between January 2015 and June 2017,

Customer D had a maximum of approximately \$235,786 in investable assets and his net worth was approximately \$500,000 (excluding primary residence).

94. Dutton falsified Customer D’s new account document dated January 2015 to state falsely and inaccurately that Customer D was an “aggressive” investor, when at all times Customer D was a conservative or moderate-risk investor.

95. After opening his account, Dutton recommended that Customer D use a significant portion of his investable assets, which included retirement savings, to invest in alternative investments.

96. Dutton told Customer D that the alternative investments he was recommending were liquid, and that Customer D could not lose his principal investment.

97. Between January 2015 and June 2017, Dutton recommended, and Customer D purchased, eight alternative investments totaling \$204,000, as follows:

DATE	PRODUCT	PURCHASE
3/5/2015	MSGI Fund	\$10,000
3/10/2015	JPM Note	\$10,000
3/10/2015	ARC RFT	\$50,000
3/10/2015	Sierra Income	\$50,000
3/12/2015	PAC	\$50,000
10/14/2015	PAC	\$6,000
8/30/2016	GWG Holdings	\$25,000
6/30/2017	MSGI Fund	\$3,000

98. On March 10 and 12, 2015, Dutton recommended that Customer D purchase \$160,000 in alternative investments. These purchases, combined with past recommendations of alternative investments Dutton had made, caused Customer D to have approximately 33 percent of his net worth and approximately 71 percent of his investable assets concentrated in alternative investments.

99. In connection with Customer D's March 10, 2015 purchase of Sierra Income and ARC RFT, Dutton submitted two Direct Business Profile and Agreement forms to Newbridge dated February 2015 that falsely and inaccurately stated that Customer D's investment objective was "aggressive/long term growth & income."

100. As alleged above, Dutton continued to recommend and purchase alternative investments for Customer D. By June 2017, Customer D had approximately 36 percent of his net worth and approximately 77 percent of his investable assets concentrated in alternative investments.

101. Dutton's recommendations from March 2015 to June 2017 that Customer D purchase \$194,000 in alternative investments were unsuitable based on his overall investor profile, including among other things, his retirement status, risk tolerance, investment objective, net worth, and investable assets. Additionally, Dutton's recommendations to Customer D resulted in over-concentration of Customer D's net worth and investable assets in alternative investments.

102. In April 2021, Customer D passed away.

D. Customer E

103. In October 2015, Customer E opened an account at Newbridge after being referred to Dutton by FOP members that she knew through her husband, a retired police officer. At the time, Customer E was a 57-year-old nurse living in Philadelphia, Pennsylvania.

104. According to Newbridge's new account document for Customer E dated October 2015, her annual income was "\$100,001 - \$200,000," her liquid assets were "\$100,001 - \$200,000," and her net worth was "\$500,001 - \$1,000,000." Customer E's investment objective

was marked as “Growth & Income,” her risk tolerance as “aggressive,” and her investment knowledge as “limited.”

105. Between October 2015 and May 2017, Customer E had a maximum of approximately \$346,522 in investable assets and her net worth was approximately \$500,000 (excluding primary residence).

106. At account opening, Customer E advised Dutton that she was not an aggressive investor. Customer E had no prior experience investing in alternative investments.

107. Dutton falsified Customer E’s risk tolerance on her Newbridge new account document dated October 2015 to state falsely and inaccurately that Customer E was an “aggressive” investor.

108. After opening her account, Dutton recommended that Customer E use a significant portion of her investable assets, which included retirement savings, to invest in alternative investments.

109. Between October 2015 and May 2017, Dutton recommended, and Customer E purchased, six alternative investments totaling \$154,000 as follows:

DATE	PRODUCT	PURCHASE
10/29/2015	PAC	\$19,000
11/2/2015	ARC Hospitality	\$50,000
11/2/2015	ARC RFT	\$50,000
11/13/2015	PAC	\$26,000
8/30/2016	GWG Holdings	\$7,000
5/26/2017	Bluerock	\$2,000

110. In or about November 2015, Dutton recommended that Customer E purchase shares in three non-traded REITS, including two separate \$50,000 investments in ARC Hospitality and ARC RFT, and a \$26,000 investment in PAC. These purchases, combined with the past recommendation that Dutton had made, caused Customer E to have approximately 30

percent of her net worth and approximately 43 percent of her investable assets concentrated in alternative investments.

111. In connection with the purchases of ARC Hospitality and ARC RFT, Dutton falsified two Suitability Forms he submitted to Newbridge. Dutton falsely and inaccurately stated that Customer E's concentration in the Newbridge Subset of Disclosable Alternative Investments relative to net worth (excluding primary residence) equaled 13.3 percent, when in fact it was approximately 20 percent.

112. Dutton falsified an additional two documents he submitted to Newbridge in connection with his recommendations to Customer E, including two Direct Business Profile and Agreement forms dated October 2015 related to the purchase of ARC Hospitality and ARC RFT that misstated Customer E's investment objective as "aggressive/long term growth & income," and falsely and inaccurately stated that Customer E's net worth (excluding residence) was "\$700,000 - \$899,999."

113. As alleged above, Dutton continued to recommend and purchase alternative investments for Customer E.

114. In August 2016, Dutton recommended that Customer E purchase \$7,000 in GWG Holdings, and in May 2017, Dutton recommended that Customer E purchase \$2,000 in Bluerock.

115. By May 2017, Customer E had approximately 27 percent of her net worth and approximately 40 percent of her investable assets concentrated in alternative investments.

116. Dutton's recommendations from November 2015 to May 2017 that Customer E purchase \$135,000 in alternative investments were unsuitable based on her overall investor profile, including among other things, her risk tolerance, investment objective, net worth, and

investable assets. Additionally, Dutton's recommendations to Customer E resulted in over-concentration of Customer E's net worth and investable assets in alternative investments.

E. Customers F and G

117. In September 2007, Customers F and G, a married couple living in Philadelphia, Pennsylvania, opened a joint retirement account with Dutton at Newbridge. At the time, Customer F was a 56-year-old retired data entry clerk and Customer G was a 56-year-old firefighter approaching retirement.

118. According to Newbridge's new account document for the joint account dated September 2007, Customer F's and Customer G's annual income was "\$50,001 - \$100,000," their liquid assets were "\$50,000 - \$100,000," and their net worth was "\$100,001 - \$500,000." Customer F's and Customer G's primary investment objective was marked as "Capital Appreciation," their risk tolerance as "aggressive," and their investment knowledge as "limited."

119. In May 2013, Dutton submitted an updated new account document for the joint account, which changed Customers F and G's liquid net worth to "\$100,001 - \$200,000," their net worth to "\$500,001 - \$1,000,000," their risk tolerance to "moderate," and their investment objective to "Growth & Income."

120. In November 2015, Customer G opened an individual retirement account with Dutton at Newbridge. According to Newbridge's new account document for Customer G's IRA dated November 2015, Customer G's annual income was "\$50,001 - \$100,000," his liquid assets were "\$100,001 - \$200,000," and his net worth was "\$500,001 - \$1,000,000." Customer G's investment objective was marked as "Growth & Income," his risk tolerance as "aggressive," and his investment knowledge as "limited."

121. During the Relevant Period, Customers F and G jointly had a maximum of approximately \$720,701 in investable assets and their net worth was approximately \$950,980 (excluding primary residence).

122. Beginning in October 2014, when Customers F and G were both 63 years old and retired, Dutton recommended Customers F and G use a significant portion of their investable assets to purchase alternative investments.

123. Specifically, between October 2014 and May 2017, Dutton recommended, and Customers F and G purchased, seven alternative investments totaling \$224,000 as follows:

DATE	PRODUCT	PURCHASE
10/1/2014	ARC Retail	\$47,000
5/18/2016	Terra Income	\$60,000
5/26/2016	GWG Holdings	\$45,000
5/26/2016	PAC	\$45,000
6/23/2016	GWG Holdings	\$23,000
11/29/2016	GWG Holdings	\$3,000
5/26/2017	Bluerock	\$1,000

124. In May 2016, pursuant to Dutton's recommendation, Customers F and G purchased approximately \$90,000 in alternative investments issued by PAC and GWG Holdings. These purchases, combined with past recommendations of alternative investments Dutton had made, caused Customers F and G to have approximately 22 percent of their net worth and approximately 30 percent of their investable assets concentrated in alternative investments.

125. As alleged above, Dutton continued to recommend alternative investments to Customers F and G, and they made the following purchases: two investments in GWG Holdings for \$23,000 and \$3,000 in June and November 2016, respectively, and a \$1,000 investment in Bluerock in May 2017.

126. By May 2017, Customers F and G had approximately 24 percent of their net worth and approximately 32 percent of their investable assets concentrated in alternative investments.

127. Dutton's recommendations from May 2016 to May 2017 that Customers F and G purchase \$117,000 in PAC, GWG Holdings, and Bluerock were unsuitable based on their overall investor profile, including among other things, their age, retirement status, risk tolerance, net worth, and investable assets. Additionally, Dutton's recommendations to Customers F and G resulted in over-concentration of their net worth and investable assets in alternative investments.

128. In April 2019, Customer G passed away and Customer F inherited the joint retirement account and Customer G's IRA.

129. While Customer G was alive, Customer F rarely discussed their Newbridge accounts with Dutton. As a result, Customer F was unaware that her and her late husband's retirement accounts were heavily concentrated in alternative investments.

130. In June 2019, Customer F opened an individual retirement account at Primex with Dutton. At the time, Customer F was 68 years old and retired.

131. According to Primex's new account document for Customer F dated June 2019, her annual income was "\$65,000" and her net worth was "\$750,000." Customer F's investment objectives were marked as "Income," "Short-Term Growth," and "Long-Term Growth," and her risk tolerance was marked as "moderately aggressive."

132. At account opening, Customer F advised Dutton that she was a conservative investor.

133. Dutton pressured Customer F to purchase more alternative investments, even though Customer F repeatedly told Dutton that she did not want to.

134. Dutton recommended that Customer F use her remaining investable assets to purchase alternative investments, despite the fact that a substantial portion of Customer F's retirement portfolio was already concentrated in alternative investments, and even though Customer F told Dutton that she wanted access to her savings.

135. In February 2020, Customer F completed a financial statement form that Dutton reviewed, which calculated her liquid net worth as \$460,877, her net worth, excluding the value of her primary residence, as \$695,377, and her holdings in illiquid alternative investments as \$118,000.

136. In February 2020, Customer F, pursuant to Dutton's recommendations, purchased an additional \$180,000 in alternative investments as follows:

DATE	PRODUCT	PURCHASE
2/3/2020	Cottonwood Communities	\$45,000
2/3/2020	Mackenzie Realty	\$45,000
2/3/2020	Griffin Institutional	\$45,000
2/11/2020	Bluerock	\$45,000

137. Dutton's recommendations caused Customer F to have 43.04 percent of her net worth of \$695,377 concentrated in alternative investments, as indicated on a Primex investment form dated February 11, 2020.

138. By February 2020, at least 41 percent of Customer F's investable assets were concentrated in alternative investments.

139. Dutton's recommendations in February 2020 that Customer F purchase \$180,000 in alternative investments were unsuitable based on her overall investor profile, including among other things, her age, retirement status, risk tolerance, net worth, and investable assets. Additionally, Dutton's recommendations to Customer F resulted in over-concentration of Customer F's net worth and investable assets in alternative investments.

F. Customer H

140. In September and October 2015, Customer H opened an individual brokerage account and an individual retirement account with Dutton at Newbridge. At the time, Customer H was a 67-year-old security guard and retired firefighter living in Hazleton, Pennsylvania.

141. Customer H was a conservative investor who had no prior experience investing in alternative investments. Between September 2015 and November 2016, Customer H's annual income ranged from approximately \$50,000 to \$100,000, and he had a maximum of approximately \$474,470 in investable assets.

142. At the time he opened his accounts in September and October 2015, Customer H's net worth was approximately \$1 million, including his real-estate holdings, but decreased in November 2016 to approximately \$500,000, including his real-estate holdings.

143. Newbridge's new account documents for Customer H dated September 2015 and October 2015 indicated his annual income was "\$50,001 - \$100,000," his liquid assets were "\$100,001 - \$200,000," and his net worth was "\$500,001 - \$1,000,000." Customer H's investment objective was marked as "Growth & Income," his risk tolerance as "aggressive," and his investment knowledge as "limited."

144. In November 2016, Customer H opened an additional retirement account with Dutton at Newbridge. Newbridge's new account document for Customer H's second retirement account dated November 2016, indicated his annual income was "\$70,000," his liquid net worth was "\$150,000," and his net worth was "\$750,000." Customer H's investment objective was marked as "Growth & Income," his risk tolerance as "aggressive," and his investment knowledge as "limited."

145. Dutton falsified Customer H's risk tolerance on his Newbridge new account documents dated September 2015, October 2015, and November 2016 to state falsely and inaccurately that Customer H was an "aggressive" investor when at all times Customer H was a conservative investor. Additionally, Dutton falsified Customer H's net worth on his Newbridge new account document dated November 2016 to state falsely and inaccurately that Customer H's net worth was "\$750,000" when it was no greater than approximately \$500,000 at that time.

146. Dutton recommended that Customer H use a significant portion of his investable assets, which included retirement savings, to invest in alternative investments.

147. Between October 2015 and November 2016, Dutton recommended, and Customer H purchased, seven alternative investments totaling \$297,000 as follows:

DATE	PRODUCT	PURCHASE
10/16/2015	ARC Hospitality	\$50,500
10/16/2015	ARC RFT	\$50,500
10/29/2015	PAC	\$100,000
11/2/2015	Carter Validus	\$49,000
11/13/2015	PAC	\$15,000
7/28/2016	GWG Holdings	\$22,000
11/29/2016	GWG Holdings	\$10,000

148. In October 2015, Dutton recommended Customer H purchase approximately \$201,000 in three alternative investments, including \$101,000 in shares of ARC RFT and ARC Hospitality, and \$100,000 in PAC. The \$100,000 investment in PAC, combined with past recommendations of alternative investments Dutton had made, caused Customer H to have approximately 20 percent of his net worth of \$1 million and approximately 42 percent of his investable assets concentrated in alternative investments.

149. As alleged above, between October 2015 and November 2016, Dutton continued to recommend alternative investments to Customer H. By November 2016, Customer H had

approximately 57 percent of his net worth of \$500,000 and approximately 60 percent of his investable assets concentrated in alternative investments.

150. Dutton falsified additional documents he submitted to Newbridge in connection with his recommendations to Customer H, including two Direct Business Profile and Agreement forms dated October 2015 related to the purchase of ARC Hospitality and ARC RFT that misstated Customer H's investment objective as "aggressive/long term growth & income."

151. Dutton's recommendations from October 2015 to November 2016 that Customer H purchase \$196,000 in alternative investments were unsuitable based on his overall investor profile, including among other things, his age, retirement status, risk tolerance, investment objective, net worth, and investable assets. Additionally, Dutton's recommendations to Customer H resulted in over-concentration of Customer H's net worth and investable assets in alternative investments.

G. Customers I and J

152. Customers I and J are a married couple who in July 2015 opened a joint account at Newbridge with Dutton after Customers I and J attended a retirement seminar hosted for the FOP where Dutton's contact information was distributed. At the time they opened their account, Customer I was a 58-year-old police officer approaching retirement living in Philadelphia, Pennsylvania, with his wife, Customer J, a 56-year-old donation coordinator for a non-profit organization.

153. Customers I and J were moderate-risk investors who had no prior experience investing in alternative investments. Between July 2015 and December 2016, Customers I and J had a maximum of approximately \$806,520 in investable assets and their net worth was approximately \$1 million (excluding primary residence).

154. Newbridge’s new account document for the joint account dated July 2015 indicated that Customer I’s and Customer J’s annual income was “\$100,001 - \$200,000,” their liquid assets were “\$200,001 - \$500,000,” and their net worth was “\$1,000,001 - \$3,000,000.” Customer I’s and Customer J’s investment objective was marked as “Growth & Income,” their risk tolerance as “aggressive,” and their investment knowledge as “good.”

155. In May 2016, Customer I opened an individual retirement account at Newbridge with Dutton. Newbridge’s new account document for Customer I’s IRA dated May 2016 indicated that his annual income was “\$100,001 - \$200,000,” his liquid assets were “\$100,001 - \$200,000,” and his net worth was “\$1,000,001 - \$3,000,000.” Customer I’s investment objective was marked as “Growth & Income,” his risk tolerance as “aggressive,” and his investment knowledge as “limited.”

156. Dutton falsified Customer I’s and Customer J’s new account documents dated July 2015, and May 2016, to state falsely and inaccurately that Customer I and Customer J were “aggressive” investors, when at all times Customers I and J were moderate-risk investors.

157. Dutton recommended that Customers I and Customer J use a significant portion of their investable assets, which included retirement savings, to invest in alternative investments.

158. Between July 2015 and December 2016, Dutton recommended, and Customers I and J purchased, nine alternative investments totaling \$252,800 as follows:

DATE	PRODUCT	PURCHASE
7/24/2015	Cottonwood Residential O.P.	\$25,000
7/31/2015	PAC	\$25,000
11/12/2015	ARC Hospitality	\$25,000
5/16/2016	Terra Income	\$25,000
5/18/2016	GPB Automotive Portfolio	\$50,000
5/26/2016	GWG Holdings	\$25,000
8/30/2016	GWG Holdings	\$25,000

10/27/2016	GWG Holdings	\$50,000
12/30/2016	MSGI Fund	\$2,800

159. In October 2016, Dutton recommended that Customers I and J purchase \$50,000 in GWG Holdings. As alleged above, Customers I and J already purchased \$200,000 in alternative investments based on Dutton’s prior recommendations. The \$50,000 purchase of GWG Holdings caused Customers I and J to have approximately 24 percent of their net worth and approximately 30 percent of their investable assets concentrated in alternative investments.

160. Dutton falsified an additional two documents he submitted to Newbridge in connection with his recommendations to Customers I and J, including two Direct Business Profile and Agreement forms dated November 2015 and May 2016 related to the above-alleged purchases of ARC Hospitality and GPB Automotive Portfolio, which misstated Customer I’s and Customer J’s investment objective as “aggressive/long term growth & income.”

161. By December 2016, Customers I and J had approximately 25 percent of their net worth and approximately 31 percent of their investable assets concentrated in alternative investments.

162. Dutton’s recommendations from October 2016 to December 2016 that Customers I and J purchase \$52,800 in alternative investments were unsuitable based on their overall investor profile, including among other things, their retirement status, risk tolerance, investment objective, net worth, and investable assets. Dutton’s recommendations to Customers I and J resulted in over-concentration of their net worth and investable assets in alternative investments.

V. Dutton Failed to Respond Timely to FINRA’s Requests in 2022

163. On April 14, 2022, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton a request for information and documents related to his sale of alternative investments. FINRA’s request letter was sent via first-class U.S. mail and certified

mail to Dutton's address as reflected in the Central Registration Depository (the "CRD Address") and provided a due date of April 29, 2022.

164. FINRA's request letter was delivered to the CRD Address on April 18, 2022.

165. Dutton failed to respond to FINRA's request.

166. On May 3, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton a second request for the same information and documents. FINRA's second request letter was sent via first class U.S. mail and Federal Express to the CRD Address, provided a due date of May 17, 2022, and stated that Dutton's failure to respond could result in disciplinary action, including a bar from the securities industry.

167. FINRA's second request letter was delivered to the CRD Address on May 4, 2022.

168. Dutton failed to respond to FINRA's second request.

169. On June 8, 2022, FINRA sent a notice to Dutton via first class U.S. mail and certified mail to the CRD Address, informing him that pursuant to FINRA Rule 9552, he would be suspended from association with any FINRA member in any capacity beginning on July 5, 2022, if he failed to respond to FINRA's request or otherwise request a hearing.

170. Dutton failed to respond to FINRA's request or request a hearing by July 5, 2022.

171. On July 5, 2022, Dutton was suspended from associating with any FINRA member in any capacity. The next day, July 6, 2022, FINRA sent a suspension notice to Dutton via first class U.S. mail and certified mail to the CRD Address, as well as electronically to Dutton's personal email address, informing him that he would be barred from the securities industry on September 12, 2022, if he failed to comply with FINRA's request.

172. On September 9, 2022, Dutton provided documents and information in response to FINRA's request.

173. Dutton did not provide FINRA Staff with a reason for his nearly five-month delay in responding to FINRA's request.

VI. Dutton Failed to Respond at All to FINRA's Requests in 2023

A. Requests Relating to Dutton's Sale of Alternative Investments

174. On May 23, 2023, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton another request for information and documents related to his sale of alternative investments. FINRA's request letter was sent via first class U.S. mail and certified mail to the CRD Address and provided a due date of June 7, 2023.

175. FINRA's request letter was delivered to the CRD Address on May 27, 2023.

176. On June 6, 2023, Dutton verbally requested and received an extension of time to respond to FINRA's request until June 28, 2023, and provided FINRA Staff with a new personal email address.

177. Dutton failed to respond to FINRA's request by June 28, 2023.

178. On July 5, 2023, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton a second request for information and documents. FINRA's second request letter was sent via first class U.S. mail and certified mail to the CRD Address. The second request letter provided a due date of July 19, 2023, and stated that Dutton's failure to respond could result in disciplinary action, including a bar from the securities industry.

179. On July 5, 2023, via Request Manager, FINRA sent a courtesy copy of the second request letter electronically to the email address Dutton provided the FINRA Staff on June 6, 2023.

180. FINRA's second request letter was delivered to the CRD Address on July 8, 2023.

181. Dutton failed to respond to FINRA's second request.

182. On August 15, 2023, Dutton stated to FINRA Staff during a telephone call that he would not respond to FINRA's Rule 8210 request letters dated May 23, 2023, and July 5, 2023.

B. Requests Relating to Dutton's Outside Investment

183. On August 5, 2021, and November 12, 2021, after having been associated with American Trust for over a year, Dutton disclosed to American Trust that he owned an outside investment account at a third-party entity that he identified only by its initials, "PFCO." Dutton made this disclosure in response to FINRA Personal Activity Questionnaires that American Trust had asked him to complete in connection with FINRA's 2021 firm examination of the firm. American Trust advised FINRA Staff that Dutton had not previously disclosed the account to the firm.

184. On September 26, 2023, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton a request for information related to the PFCO investment account. FINRA's request letter was sent via first class U.S. mail and Federal Express to the CRD Address and provided a due date of October 9, 2023.

185. FINRA Staff also sent a copy of the request letter to two email addresses that FINRA Staff had on file for Dutton on September 26, 2023.

186. FINRA's request letter was delivered by Federal Express to the CRD Address on September 27, 2023.

187. On October 5, 2023, Dutton stated to FINRA Staff during a telephone call that he would consider responding to the request letter. He did not, however, request an extension of time to respond.

188. Dutton failed to respond to FINRA's request by October 9, 2023.
189. On October 19, 2023, FINRA, in connection with its investigation and pursuant to FINRA Rule 8210, sent Dutton a second request for the same information. FINRA's second request letter was sent via first class U.S. mail and Federal Express to the CRD Address. The second request letter provided a due date of November 2, 2023, and stated that Dutton's failure to respond could result in disciplinary action, including a bar from the securities industry.
190. FINRA also sent a courtesy copy of the request letter to two email addresses that FINRA Staff had on file on October 19, 2023.
191. FINRA's second request letter was delivered by Federal Express to the CRD Address on October 20, 2023.
192. On October 25, 2023, Dutton left a voicemail with FINRA Staff about the September 26, 2023, and October 19, 2023, request letters. Dutton did not say whether he would respond to the request letters, nor request an extension of time to respond. FINRA Staff responded by telephone and left a voicemail for Dutton, but Dutton did not return FINRA Staff's call.
193. Dutton failed to respond to FINRA's second request by November 2, 2023.
194. On November 15, 2023, FINRA Staff called Dutton and spoke with him by telephone about the September 26, 2023, and October 19, 2023, request letters. He did not agree to respond to the request letters and did not ask for an extension of time to respond.
195. To date, Dutton has failed to provide any information in response to FINRA's September 26, 2023, and October 19, 2023, request letters.

FIRST CAUSE OF ACTION
Unsuitable Recommendations of Alternative Investments
(Violation of FINRA Rules 2111 and 2010)

196. Enforcement re-alleges and incorporates by reference all preceding paragraphs.

197. During the Relevant Period, FINRA Rule 2111(a) (May 14, 2014 - June 29, 2020 version) required that “[a] member or associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile.”

198. FINRA Rule 2111(a) further provided that “[a] customer’s investment profile includes, but is not limited to, the customer’s age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.”

199. During the Relevant Period, FINRA Rule 2111, Supplementary Material 2111.05(b), provided that the “customer-specific obligation requires that a member or associated person have a reasonable basis to believe that the recommendation is suitable for a particular customer based on that customer’s investment profile, as delineated in Rule 2111(a).”

200. FINRA Rule 2010 requires FINRA member firms and associated persons, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.” A violation of FINRA Rule 2111 constitutes a violation of FINRA Rule 2010.

201. During the Relevant Period, Dutton recommended to the Customers the purchase of illiquid alternative investments without having a reasonable basis to believe that these purchases were suitable for each of the Customers.

202. Dutton's recommendations of alternative investments to the Customers were unsuitable for each of them based on their investment profiles—including their net worths, investable assets, annual incomes, investment objectives, and risk tolerances. Dutton's recommendations of alternative investments were additionally unsuitable for retired customers A, B, C, D, F, H, and I based on their retirement statuses, and additionally unsuitable for senior customers F, G, and H based on their ages. Dutton's recommended purchases resulted in each of the Customers becoming over-concentrated in alternative investments.

203. In addition, Dutton's recommendation to Customer A to purchase shares of Cottonwood Residential was unsuitable because, although this alternative investment required investors to be accredited investors, Customer A was not, as Dutton knew, an accredited investor.

204. Dutton, therefore, violated the customer-specific suitability obligation of FINRA Rule 2111.

205. By virtue of the foregoing, Dutton violated FINRA Rules 2111 and 2010.

SECOND CAUSE OF ACTION
Falsifying Books and Records of Member Firm and Causing
Books and Records of Member Firm to be False and Inaccurate
(Violation of FINRA Rules 4511 and 2010)

206. Enforcement re-alleges and incorporates by reference all preceding paragraphs.

207. FINRA Rule 4511(a) requires, among other things, that FINRA member firms "shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules."

208. Exchange Act Rule 17a-3(a)(17)—promulgated by the SEC pursuant to Section 17 of the Exchange Act—requires broker-dealers (including FINRA member firms) to keep and preserve, among other documents, customer account records, as well as any updates to these customer account records, for every customer who is a natural person.

209. The Customers are each natural persons. Therefore, Exchange Act Rule 17a-3(a)(17) required Newbridge to maintain and preserve these customers' account records and customer account record updates.

210. Exchange Act Rule 17a-3(a)(6) requires broker-dealers to keep and maintain, among other documents, memoranda of orders for the purchase or sale of securities and subscription agreements.

211. Throughout the period that Dutton recommended alternative investments to his customers at Newbridge, the firm required alternative investment documentation, including Direct Business Profile and Agreement forms, Accredited Investor Forms, and Suitability Forms, and subscription agreements, to be submitted to the firm in connection with each recommended alternative investment purchase. During that period, Newbridge also required new account documents for its customers.

212. One purpose of Newbridge's policies requiring these documents was to document compliance with the FINRA suitability rule, FINRA Rule 2111.

213. A registered representative of a FINRA member firm who causes false or inaccurate information to appear on any document that is required to be maintained by the firm pursuant to FINRA Rule 4511 violates FINRA Rules 4511 and 2010.

214. During the Relevant Period, Dutton falsified Newbridge's books and records and caused numerous Newbridge books and records, including new account documents, Direct

Business Profile and Agreement forms, Accredited Investor Forms, and Suitability Forms (as listed on Exhibit A) to contain false and inaccurate information regarding Customers A through E and Customers H through J and regarding these customers' suitability profiles and purchases of alternative investments.

215. Dutton falsified Newbridge's books and records and caused them to contain false and inaccurate information about his customers' net worth, risk tolerance, investment objective, and concentration percentage in alternative investments.

216. By causing Newbridge to create and maintain inaccurate books and records required to be maintained under Section 17(a) of the Exchange Act and Rules 17a-3(a)(6) and 17a-3(a)(17) thereunder, as well as FINRA rules, Dutton violated FINRA Rules 4511 and 2010.

**THIRD CAUSE OF ACTION
Falsifying Books and Records of Member Firm and
Causing Books and Records of Member Firm to be False and Inaccurate
(Violation of FINRA Rule 2010)**

217. Enforcement re-alleges and incorporates by reference all preceding paragraphs.

218. FINRA Rule 2010 requires a registered person, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. Falsification occurs when a person creates a document or entry in a firm's system that creates a false appearance by including altered or untrue information. A registered representative who causes the books and records of a firm to have false or inaccurate information or who otherwise falsifies the books and records of a firm violates FINRA Rule 2010.

219. During the Relevant Period, Dutton falsified Newbridge's books and records and caused Newbridge's books and records, including new account documents, Direct Business Profile and Agreement forms, Accredited Investor Forms, and Suitability Forms (as listed on Exhibit A), to contain falsified and inaccurate information regarding Customers A through E and

Customers H through J and regarding these customers' suitability profiles and purchases of alternative investments.

220. Based on the foregoing, Dutton violated FINRA Rule 2010.

FOURTH CAUSE OF ACTION
Failure to Respond to 2023 Written Requests for Information and Documents
(Violation of FINRA Rules 8210 and 2010)

221. Enforcement re-alleges and incorporates by reference all preceding paragraphs.

222. FINRA Rule 8210(a)(1) provides that for purposes of an investigation, FINRA has the right to require a person subject to FINRA's jurisdiction to "provide information orally [or] in writing with respect to any matter involved in the investigation"

223. FINRA Rule 8210(a)(2) provides that FINRA may "inspect and copy the books, records, and accounts of such member or person with respect to any matter involved in the investigation, complaint, examination, or proceeding that is in such member's or person's possession, custody, or control."

224. FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information . . . pursuant to this Rule."

225. Failing to respond to FINRA's requests for information and documents issued pursuant to Rule 8210 violates FINRA Rule 2010.

226. The information and documents requested of Dutton pursuant to FINRA Rule 8210 were material to FINRA's investigation of Dutton's sale of alternative products to customers.

227. Dutton did not respond to FINRA's May 23, 2023 and July 5, 2023, requests for information and documents that were issued in connection with its investigation and pursuant to Rule 8210.

228. Dutton's failure to respond to FINRA's May 23, 2023 and July 5, 2023, requests had a material impact on FINRA's ability to complete its investigation. The information requested was material to FINRA's investigation of whether Dutton made unsuitable recommendations of alternative investments to additional customers.

229. Dutton also did not respond to FINRA's September 26, 2023, and October 19, 2023, requests for information that were issued in connection with its investigation and pursuant to Rule 8210.

230. Dutton's failure to respond to FINRA's September 26, 2023 and October 19, 2023, requests was material to FINRA's investigation into whether Dutton may have, among other things, failed to disclose his participation in a private securities transaction in violation of FINRA rules.

231. Based on the foregoing, Dutton violated FINRA Rules 8210 and 2010.

FIFTH CAUSE OF ACTION
Failure to Timely Respond to 2022 Written Requests for Information and Documents
(Violation of FINRA Rules 8210 and 2010)

232. Enforcement re-alleges and incorporates by reference all preceding paragraphs.

233. The information and documents requested in 2022 of Dutton, in connection with its investigation and pursuant to FINRA Rule 8210, were material to FINRA's investigation of Dutton's sale of alternative products to customers.

234. Dutton did not respond to FINRA's requests for information and documents issued on April 14, 2022, and May 3, 2022, until September 9, 2022. Dutton did so only after the initiation and near-completion of a FINRA Rule 9552 proceeding that would have resulted in Dutton's bar from the securities industry on September 12, 2022, if he did not comply.

235. Dutton's failure to timely respond had a material impact on FINRA's ability to complete its investigation. The information requested was material to FINRA's investigation of whether Dutton made unsuitable recommendations of alternative investments to additional customers.

236. Based on the foregoing, Dutton violated FINRA Rules 8210 and 2010.

RELIEF REQUESTED

WHEREFORE, Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest; and
- C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: January 5, 2024



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Exhibit A

Inaccurate and Falsified Records Related to Customer A (7 documents)			
Date ¹	Name of Document	Name of Investment	Falsified Information
7/09/2015	New Account Form (-1045)	N/A	Net Worth and Risk Tolerance
7/09/2015	Accredited Investor Form	Cottonwood Residential	Net Worth
7/17/2015	Suitability Form	ARC Hospitality	Concentration Percentage of Net Worth
7/17/2015	Direct Business Profile and Agreement	ARC Hospitality	Net Worth and Investment Objective
7/17/2015	Suitability Form	Cottonwood Residential	Concentration Percentage of Net Worth
7/17/2015	Direct Business Profile and Agreement	Cottonwood Residential	Net Worth and Investment Objective
8/14/2015	New Account Form (-0111)	N/A	Net Worth and Risk Tolerance

¹ The dates in Exhibit A refer to the dates reflected next to Austin Dutton's signature on each respective document.

Exhibit A

Inaccurate and Falsified Records Related to Customers B and C (8 documents)			
Date	Name of Document	Name of Investment	Falsified Information
5/27/2014	Suitability Form	Carter Validus	Concentration Percentage of Net Worth
1/30/2015	New Account Form (-0588)	N/A	Risk Tolerance
1/30/2015	Suitability Form	ARC RFT	Concentration Percentage of Net Worth
1/30/2015	Direct Business Profile and Agreement	ARC RFT	Investment Objective
1/30/2015	Suitability Form	ARC RFT	Concentration Percentage of Net Worth
January 2015	Direct Business Profile and Agreement	ARC RFT	Investment Objective
2/04/2015	New Account Form (-0496)	N/A	Risk Tolerance
2/04/2015	New Account Form (-1584)	N/A	Risk Tolerance

Exhibit A

Inaccurate and Falsified Records Related to Customer D (3 documents)			
Date	Name of Document	Name of Investment	Falsified Information
1/05/2015	New Account Form	N/A	Risk Tolerance
2/19/2015	Direct Business Profile and Agreement	Sierra Income	Investment Objective
2/19/2015	Direct Business Profile and Agreement	ARC RFT	Investment Objective

Exhibit A

Inaccurate and Falsified Records Related to Customer E (5 documents)			
Date	Name of Document	Name of Investment	Falsified Information
10/02/2015	New Account Form	N/A	Risk Tolerance
10/09/2015	Suitability Form	ARC Hospitality	Concentration Percentage of Net Worth
10/09/2015	Direct Business Profile and Agreement	ARC Hospitality	Net Worth and Investment Objective
10/09/2015	Suitability Form	ARC RFT	Concentration Percentage of Net Worth
10/09/2015	Direct Business Profile and Agreement	ARC RFT	Net Worth and Investment Objective

Exhibit A

Inaccurate and Falsified Records Related to Customer H (5 documents)			
Date	Name of Document	Name of Investment	Falsified Information
9/30/2015	New Account Form (-5636)	N/A	Risk Tolerance
10/05/2015	New Account Form (-9872)	N/A	Risk Tolerance
10/08/2015	Direct Business Profile and Agreement	ARC Hospitality	Investment Objective
10/08/2015	Direct Business Profile and Agreement	ARC RFT	Investment Objective
11/09/2016	New Account Form (-7911)	N/A	Net Worth and Risk Tolerance

Exhibit A

Inaccurate and Falsified Records Related to Customers I and J (4 documents)			
Date	Name of Document	Name of Investment	Falsified Information
7/24/2015	New Account Form (-2840)	N/A	Risk Tolerance
11/04/2015	Direct Business Profile and Agreement	ARC Hospitality	Investment Objective
5/09/2016	New Account Form (-7247)	N/A	Risk Tolerance
5/16/2016	Direct Business Profile and Agreement	GPB Automotive Portfolio	Investment Objective