

BRETT OLIN

Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI)
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Attorney for the CSI

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STATE AUDITORS OFFICE

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:

JOSEPH STONE CAPITAL, LLC,
a Montana licensed broker-dealer;
LAWRENCE SULLIVAN, individually
and in his capacity as a Joseph Stone
Capital employee; JAMES PARDY,
individually and in his capacity as the chief
compliance officer for Joseph Stone
Capital; ADAM MAGGIO, individually
and in his capacity as a Joseph Stone
Capital employee; DAVID MENASHE,
individually and in his capacity as a Joseph
Stone Capital employee; ROSS BARISH,
individually and in his capacity as a Joseph
Stone Capital employee; and FRANK
SPADARO, individually and in his
capacity as a Joseph Stone Capital
employee.

Respondents.

CASE NO. SEC-2016-124

**CONSENT AGREEMENT
AND FINAL ORDER**

This Consent Agreement (Agreement) is entered into by the Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101 et seq. (Act), and Joseph Stone Capital, LLC (Joseph Stone), James Pardy (Pardy), Adam Maggio (Maggio), David Menashe

(Menashe), and Ross Barish (Barish) (Collectively Respondents) Respondents Frank Spadaro and Lawrence Sullivan are specifically excluded from this Agreement The Final Order (Order) is issued by the authority of the Commissioner of Securities and Insurance, Office of the Montana State Auditor (Commissioner)

RECITALS

WHEREAS, Respondent Joseph Stone is a CSI registered broker-dealer, Central Registration Depository (CRD) #159744,

WHEREAS, Respondent Menashe is a CSI registered broker dealer salesperson, CRD #5727296,

WHEREAS, the CSI filed a Notice of Agency Action on June 7, 2016;

WHEREAS, CSI alleges Respondent Joseph Stone violated § 30-10-201(13)(k) by failing to have adequate written supervisory policies/procedures in effect to monitor certain of its salespersons during the supervision period,

WHEREAS, the CSI and Respondents agree that the best interests of the public would be served by entering into this Agreement

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the CSI and Respondents agree to settle this matter pursuant to the following terms and conditions:

STIPULATIONS AND CONSENTS

I Respondents stipulate and consent to the following:

A Respondents neither admit nor deny any of CSI's allegations, including, the allegations in the June 7, 2016 Notice of Agency Action or in the Recitals herein

B Respondents shall pay an administrative penalty to the State of Montana in the amount of \$10,000 00 This amount is suspended pending successful completion of all terms of this agreement A failure to complete the terms of this agreement will result in the penalty being enforced in full no later than 30 days following execution of the Final Order

C Respondent Joseph Stone shall pay \$30,000 00 towards the restitution amount detailed in Exhibit A Respondent Menashe shall contribute \$15,000 00 towards that restitution amount detailed in Exhibit A These checks should be mailed to the Montana State Auditor, c/o Lisa Monroe, 840 Helena Avenue, Helena, MT, 50601 within ten days of executing this consent agreement

D Upon signing the Final Order and compliance with the payment terms in the preceding paragraph Respondents Parady, Maggio and Barish shall be dismissed with prejudice from any CSI action related to events detailed in the June 7, 2016, Notice of Agency Action.

E Respondents agree to comply with the terms and conditions of this Agreement, the Code, and all other applicable regulations of the state of Montana

F Respondents fully and forever release and discharge the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner), the CSI, and all of the CSI's employees and agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of this Agreement

G. Respondents specifically and affirmatively waive their right to a contested case hearing and all rights to appeal under the Montana Administrative Procedure Act, Mont. Code Ann. § 2-4-101 et seq . and elects to resolve this matter with this Agreement

H Respondents acknowledge that they enter into this Agreement voluntarily and without reservation

II All parties to this Agreement stipulate and consent as follows

A The Commissioner and the CSI have subject matter jurisdiction over this case.

B The CSI warrants and represents that so long as Respondents adhere to the terms of this Agreement, the CSI will not bring any further action against Respondents arising from facts known to the CSI as of the date of the Agreement relating to the alleged violations set forth in the June 7, 2016 Notice of Agency Action regarding only the undersigned.

C This Agreement is entered without adjudication of any issue, law, or fact This Agreement covers the factual allegations addressed above. It is entered into solely for the purpose of resolving the CSI's allegations and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not limit or create any private rights or remedies against Respondents, limit or create liability of Respondents, or limit or create defenses of Respondents to any claims

D. The applicable statute of limitations is tolled for two years from the date of execution of this Agreement with regard to the allegations in the Recitals. In the event any Respondent violates the terms of this Agreement at any time before the applicable statute of limitations has run, the CSI reserves the right to seek any additional administrative penalties or further regulatory action against that particular Respondent.

E. This Agreement constitutes the entire agreement between the parties and no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce Respondents to enter into this Agreement.

F. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing, with the same formality as this Agreement, to be effective.

G. This Agreement shall be incorporated into and made a part of the attached Final Order issued by the Commissioner herein.

H. This Agreement shall be effective upon signing of the Final Order.


I. The Agreement is a public record under Montana law and, as such, may not be sealed or otherwise withheld from the public.

DATED this 20th day of April, 2017.

**OFFICE OF THE MONTANA STATE
AUDITOR, COMMISSIONER OF
SECURITIES AND INSURANCE**


BRETT OLIN
Attorney


DATED this 12 day of April, 2017. **JOSEPH STONE CAPITAL, LLC**


By: 
Title: CEO

DATED this ___ day of _____, 2017. _____

DAVID MENASHE

DATED this 12 day of APRIL, 2017. 
ADAM MAGGIO

DATED this 12 day of April, 2017. 
JAMES PARDY

DATED this 12 day of April, 2017. 
ROSS BARISH

Reviewed for content by Lin Deola, Esq.
Counsel for JCS, Maggio, Pardy and Barish



OFFICE OF THE MONTANA STATE
AUDITOR, COMMISSIONER OF
SECURITIES AND INSURANCE

BRETT OLIN

Attorney

DATED this ___ day of _____, 2017 **JOSEPH STONE CAPITAL, LLC**

By _____

Title _____

DATED this 4 day of 12, 2017



DAVID MENASHE

DATED this ___ day of _____, 2017

ADAM MAGGIO

DATED this ___ day of _____, 2017

JAMES PARDY

DATED this ___ day of _____, 2017

ROSS BARISH

Reviewed for content by Lin Deola, Esq
Counsel for JCS, Maggio, Pardy and Barish

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 33-1-101 et seq., and upon review of the foregoing Consent Agreement, and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the CSI and Respondents Joseph Stone, Pardy, Maggio, Menashe, and Barish is adopted as if set forth fully herein. Said parties are likewise dismissed from the June 7, 2016 Agency Action pending successful completion of the terms of the Agreement listed herein. The caption to that Action shall be Amended in future filings to reflect this Agreement.

DATED this 20th day of April, 2017.

MATTHEW M. ROSENDALE
Commissioner of Securities and Insurance,
Montana State Auditor

By: 

LYNNE EGAN
Deputy Securities Commissioner

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the 21st
day of April, 2017, by US mail, certified first-class postage paid, to the following:

Lin Deola
Morrison, Sherwood, Wilson, & Deola, PLLP
401 N. Last Chance Gulch
Helena, MT 59601

A handwritten signature in blue ink, reading "Lisa Monroe", is written over a horizontal line.

EXHIBIT A

Investor	Restitution
M.B.	\$ 7,500.00
M.M	\$ 7,500.00
R.S.	\$ 22,500.00
T.G.	\$ 7,500.00
	<u>\$ 45,000.00</u>