

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF)	
)	
MOORS & CABOT FINANCIAL ADVISORS, LLC)	ADMINISTRATIVE ORDER
)	
JOHN DEAN STAMAS)	CD-2006-0032
)	
EDWARD STEWART BYRNE)	
)	
DELIA TORGERSON WATSON)	
)	
NICHOLAS ROSARIO LAZIO)	
)	
RESPONDENTS)	

CEASE AND DESIST

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. **MOORS & CABOT FINANCIAL ADVISORS, LLC ("M&CFA")**, Central Registration Depository ("CRD") # 132798, is represented to be a Massachusetts domiciled broker-dealer with a business address of 111 Devonshire Street, Boston, Massachusetts, 02109. CRD records reflect that M&CFA is a wholly owned subsidiary of Moors & Cabot, Inc. ("M&C"), a Massachusetts broker-dealer registered in the State of Alabama continuously since September 1, 1993. Commission records reflect that M&CFA is not registered as a broker-dealer in the State of Alabama.

2. **JOHN DEAN STAMAS ("STAMAS")**, CRD # 2220622, is represented to be a broker-dealer agent for M&CFA and Moors & Cabot, Inc. ("M&C") with a business address of 1310 South Tryon Street, Suite 101, Charlotte, North Carolina, 28203. Commission records reflect that STAMAS is an Alabama registered broker-dealer agent with M&C in Alabama effective July 16, 2001 but has never been registered as a broker-dealer agent for M&CFA in the State of Alabama.

3. **EDWARD STEWART BYRNE ("BYRNE")**, CRD # 2092860, is represented to be a broker-dealer agent for M&CFA and M&C with a business address of 525 Washington Boulevard, 35th Floor, Jersey City, New Jersey, 07310. Commission records reflect that BYRNE is an Alabama

registered broker-dealer agent with M&C in Alabama effective August 16, 2002 but has never been registered as a broker-dealer agent for M&CFA in the State of Alabama.

4. DELIA TORGERSON WATSON ("WATSON"), CRD # 1420154, is represented to be a broker-dealer agent for M&CFA and M&C with a business address of 12031 Scaggsville Road, Fulton, Maryland 20759. Commission records reflect that WATSON has never been registered as a broker-dealer agent in the State of Alabama.

5. NICHOLAS ROSARIO LAZIO ("LAZIO"), CRD # 1301393, is represented to be a broker-dealer agent for M&CFA and M&C with a business address of 525 Washington Boulevard, 35th Floor, Jersey City, New Jersey, 07310. Commission records reflect that LAZIO is an Alabama registered broker-dealer-agent with M&C effective August 16, 2002, but has never been registered as a broker-dealer agent for M&CFA in the State of Alabama.

STATEMENT OF FACTS

6. On August 28, 2004, M&CFA filed an electronic application for broker-dealer registration in the State of Alabama through the CRD. On September 1, 2004, the Commission staff issued a deficiency letter to M&CFA. On January 18, 2005, M&CFA provided a response that the broker-dealer's NASD application was pending and that all information requested by the Alabama Securities Commission would be provided once the NASD application was approved. On July 1, 2005, the pending broker-dealer application in the State of Alabama for M&CFA was withdrawn without having registered.

7. On March 14, 2006, M&CFA filed an electronic application for broker-dealer registration in the State of Alabama through the CRD.

8. On March 28, 2006, a visitation letter was issued via certified mail to M&CFA's clearing firm, National Financial Services, LLC, to ascertain what broker-dealer activity had taken place previously in Alabama. Domestic return receipt reflects acceptance on April 4, 2006.

9. On March 28, 2006, the Commission staff issued a deficiency letter to M&CFA requesting, among other items, a description of any prior broker-dealer activity M&CFA had undertaken in the State of Alabama. To expedite this request a telephone call was placed by the Commission staff to Mr. Robert Crowell, Compliance Director for M&CFA, wherein the same items enumerated in the

deficiency letter were relayed during the conversation.

10. On March 29, 2006, the Commission staff received a response from Robert Crowell, Chief Compliance Officer of M&CFA, via facsimile, regarding the items enumerated in the Commission staff's March 28, 2006 deficiency letter. Regarding the issue of prior activity, documents reflected that there were two securities transactions effected by M&CFA broker-dealer agent, STAMAS, on behalf of one Alabama client. Mr. Crowell stated that "the firm Moors & Cabot Financial Advisors, LLC is 100% owned and controlled by Moors & Cabot, Inc...The movement of approximately 60 representatives from Moors & Cabot, Inc. to M&CFA, LLC was mandated by the NYSE."

11. On April 13, 2006, the Commission staff received a response from M&CFA's clearing firm, National Financial Services, LLC, to the Commission staff's March 28, 2006, visitation letter. Documentation reflected a total of seven securities transactions executed by M&CFA on behalf of two Alabama clients, from January 24, 2006-April 3, 2006, with a total of \$794.32 in commission. (Four of these securities transactions took place after Crowell's March 29, 2006, facsimile). The visitation letter response reflected two M&CFA broker-dealer agents, Rep Codes ONA and ONM, had effected securities transactions with Alabama clients. (On May 25, 2006, the Commission staff received an email from M&CFA which reflected that broker-dealer agents "ONA" and "ONM" were STAMAS and BYRNE, respectively.)

12. On June 13, 2006, the Commission staff requested, via telephone, that M&CFA provide clarification on the actual number of securities transactions that had been executed on behalf of Alabama clients. On June 13, 2006, Robert Crowell of M&CFA provided an e-mail to the Commission staff which reflected that from January 24, 2006-May 23, 2006, a total of 25 securities transactions had been executed on behalf of three Alabama clients (an additional 23 securities transactions since Mr. Crowell's March 29, 2006, response). The broker-dealer agents of record were STAMAS (commissions \$2,970.14), BYRNE (\$130), LAZIO (\$130) and WATSON (\$25). Mr. Crowell also provided an explanation for the activity undertaken through M&CFA by stating that the NYSE was pressuring M&C to remove all the "independent contractors" from M&C. On June 22, 2006, Robert Crowell of M&CFA sent an e-mail to the Commission staff which reflected that WATSON inherited the Alabama investor from another broker-dealer agent; did not intend to recommend any trades to the Alabama investor; the transaction was to liquidate shares to cover a small debit balance in the account, the \$25 commission of which was barely enough to cover the ticket charge; WATSON made nothing on the transaction; and WATSON, "...did not think the size of the account, approximately \$1,400, was worth the registration costs."

13. On June 28, 2006, a second visitation letter was issued via certified mail to M&CFA's clearing firm, National Financial Services, LLC, to ascertain what broker-dealer activity had taken place since the visitation response of April 13, 2006.

14. On June 30, 2006, the Commission staff requested, via email, that M&CFA provide a copy of any directives or other written documents issued to M&C from the NYSE concerning broker-dealer agents as independent contractors. Additionally, M&CFA was requested to provide the contact name and telephone number for the NYSE representative that Moors & Cabot, Inc. had worked with. On July 5, 2006, Robert Crowell with M&CFA provided an email to the Commission staff which reflected that M&C is a member of the NYSE and subject to all their rules and regulations; M&CFA is a member of the NASD and not a member of the NYSE and therefore has no agreement with the NYSE. Additionally, M&C does not have any document which specifically instructs M&C to open a new broker-dealer. Crowell stated that the NYSE instructed that M&C... "must get rid of all independent contractors." Therefore, Crowell advised that the firm was left with three options: 1. terminate all the independent contractors; 2. make the independent contractors employees; or 3. open a new broker-dealer that was a member of the NASD only and transfer all of the independent contractors into that entity. M&C choose the third option. On July 10, 2006, a member of the Commission staff spoke with a member of the NYSE, via telephone, and was advised that the NYSE does not recognize independent contractors. The Commission staff was further advised that M&C was cited on a NYSE audit for having independent contractors and that M&C was advised to either 1. hire the independent contractors as employees; 2. terminate independent contractors; or 3. devise a way to get independent contractors away from the member firm. A review of Commission records reflected that M&CFA has never been registered as a broker-dealer in the State of Alabama. Records further reflected that STAMAS, BYRNE, LAZIO were registered in the State of Alabama as broker-dealer agents with Moors & Cabot, Inc., but were not registered in the State of Alabama as broker-dealer agents with M&CFA and WATSON has never been registered in the State of Alabama as a broker-dealer agent with M&CFA.

15. On July 28, 2006, the Commission staff received a response from M&CFA's clearing firm, National Financial Services, LLC. The visitation response reflected that thirty-three (33) securities transactions had been affected from April 13, 2006-June 15, 2006 (including six cancelled securities transactions). A review by the Commission staff of the visitation letter responses dated April 12, 2006 and July 27, 2006, reflects that a total of forty (40) securities transactions were effected on behalf of Alabama clients from January 24, 2006-June 15, 2006, with commissions as follows: STAMAS (\$3,200.64), BYRNE (\$130), LAZIO (\$130) and WATSON (\$25).

CONCLUSIONS OF LAW

16. Pursuant to Section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. A review of Commission records reflects that M&CFA has never been registered in the State of Alabama as a broker-dealer.

17. STAMAS, BYRNE, WATSON and LAZIO effected transactions through M&CFA on behalf of Alabama clients without benefit of broker-dealer agent registration in violation of Section 8-6-3(a), Code of Alabama, 1975. A review of Commission records reflects that STAMAS, BYRNE, WATSON and LAZIO are not registered with M&CFA as broker-dealer agents in the State of Alabama.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

Further, this Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS, MOORS & CABOT FINANCIAL ADVISORS, LLC, JOHN DEAN STAMAS, EDWARD STEWART BYRNE, DELIA TORGERSON WATSON and NICHOLAS ROSARIO LAZIO CEASE AND DESIST from all broker-dealer activity in the State of Alabama.

Entered at Montgomery, Alabama this the 4th day of AUGUST, 2006.



ALABAMA SECURITIES COMMISSION
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(334) 242-2984

BY:

A large, stylized handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over the printed name and title.

JOSEPH P. BORG
Director