

STATE OF NEVADA
OFFICE OF THE SECRETARY OF STATE
SECURITIES DIVISION
555 EAST WASHINGTON AVE, SUITE 5200
LAS VEGAS, NEVADA 89101

In the Matter of:

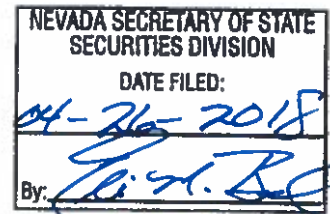
**MORGAN STANLEY SMITH BARNEY,
LLC, CRD No. 149777,**

Respondent.

ADMINISTRATIVE CONSENT ORDER

File No. CI15-024

**TO: Morgan Stanley Smith Barney, LLC
c/o Ms. Rose-Ann Richter, CCO
100 S. Charles Street, 4th Floor
Baltimore, MD 21201**



WHEREAS, Morgan Stanley Smith Barney, LLC ("Respondent"), CRD No. 149777, is a New York-based broker-dealer firm licensed with the Securities Division of the Office of the Secretary of State, State of Nevada ("Division"), since May 20, 2009;

WHEREAS, on or about February 25, 2015, pursuant to the authority provided in Nevada Revised Statutes ("NRS") 90.410, the Division initiated an inspection of Respondent's records to determine compliance with the Nevada Uniform Securities Act ("Act"), codified in NRS Chapter 90, and the regulations promulgated thereunder and codified in Chapter 90 of the Nevada Administrative Code ("NAC");

WHEREAS, based on the facts and circumstances revealed during the course of the Division's inspection, the Division has concluded that Respondent violated NRS 90.360(2) and NAC 90.392 by maintaining unlicensed branch offices in the State of Nevada;

WHEREAS, pursuant to the Act and the regulations adopted thereunder, Respondent is charged with complying with all applicable requirements while engaged in any securities-related business in or from the State of Nevada;

WHEREAS, Respondent has cooperated with the Division's inspection by responding to inquiries and providing documentary evidence;

WHEREAS, Respondent has advised the Division of its agreement to resolve the above failures to comply with the requirements in the State of Nevada on the terms specified in this Administrative Consent Order (“Order”); and

WHEREAS, Respondent elects to permanently and expressly waive any right to a hearing and appeal under the Act and/or to seek judicial review under the Nevada Administrative Procedures Act, codified in NRS Chapter 233B, with respect to this Order.

NOW THEREFORE, the Administrator of the Division, pursuant to the Act, hereby enters this Order:

I.

FINDINGS OF FACT

1. On or about February 25, 2015, investigators with the Division visited the private residence of Arnold Schwartz (“Schwartz”), CRD No. 502377, a sales representative of Respondent, to initiate an inspection pursuant to NRS 90.410 to ensure Respondent’s compliance with the Act. According to information maintained electronically by FINRA’s Central Registration Depository (“CRD”), Schwartz resided in Henderson, Nevada, but his listed registered office of employment was a branch office in Boca Raton, Florida, CRD No. 408840.

2. According to information maintained electronically by FINRA in CRD, Schwartz's residence previously had been licensed with the Division as a branch office, CRD No. 409408, until December 17, 2012. Subsequent to the Division's inspection, Respondent amended Schwartz's Form U4 to reflect association with a branch office in Las Vegas, Nevada, CRD No. 408228, as of July of 2016.

3. During the course of the Division's inspection, Schwartz acknowledged that he routinely transacted securities-related business from his residence.

4. Based on information maintained electronically by FINRA in CRD, the Division identified six (6) additional sales representatives of Respondent who have conducted securities-related business from their Nevada residences which are not licensed as branch offices.

5. The listed registered office of employment of Anthony David, CRD No. 4300274, is a branch office in Washington D.C., CRD No. 408916. However, this sales representative had been

1 conducting securities-related business from his residence in Las Vegas, Nevada, which had not been
2 licensed as a branch office since October of 2010. This sales representative moved from Las Vegas,
3 Nevada, to Arlington, Virginia, in January of 2018.

4 6. The listed registered office of employment of Darryl Cohen, CRD No. 2786613, was
5 a branch office in Westlake Village, California, CRD No. 408782. However, this sales
6 representative had been conducting securities-related business from his residence in Las Vegas,
7 Nevada, which had not been licensed as a branch office from September of 2015 until December of
8 2017 when the branch office was approved again.

9 7. The listed registered office of employment of William Salvagno, CRD No. 1020830,
10 was a branch office in Reno, Nevada, CRD No. 408161. However, this sales representative had
11 been conducting securities-related business from his residence in Reno, Nevada, which had not been
12 licensed as a branch office from January of 2013 until December of 2017 when the branch office
13 was approved again.

14 8. The listed registered office of employment of Robert Main, CRD No. 719198, was a
15 branch office in Hailey, Idaho, CRD No. 408948. However, this sales representative had been
16 conducting securities-related business from his residence in Las Vegas, Nevada, which had not been
17 licensed as a branch office from March of 2015 until December of 2017 when his current residence
18 in Las Vegas, Nevada, was approved.

19 9. The listed registered offices of employment of Ryan Hyslop, CRD No. 5693941,
20 were branch offices in Reno, Nevada, CRD No. 408161, and Stateline, Nevada, CRD No. 408118.
21 However, this sales representative had been conducting securities-related business from his
22 residence in Incline Village, Nevada, which was not licensed as a branch office but was disclosed in
23 CRD as a non-registered location of employment from April of 2016 until December of 2017 when
24 it was approved.

25 10. The listed registered offices of employment of Robert Johnson, CRD No. 732287, are
26 branch offices in Westlake Village, California, CRD No. 408782, and his residence in Henderson,
27 Nevada, CRD No. 620814. However, this sales representative had conducted securities-related
28

1 business from his residence in Henderson, Nevada, which was not licensed as a branch office from
2 January of 2013 until October of 2015 when it was approved.

3 **II.**

4 **CONCLUSIONS OF LAW**

5 1. The Division has jurisdiction over this matter pursuant to the Act, which authorizes
6 the Division to regulate an entity or person acting as a broker-dealer. Specifically, NRS 90.630
7 allows the Division, through its Administrator, to take action against a person if it violates any
8 provision of the Act or any regulation adopted or issued under said Act.

9 2. NRS 90.360(3) defines a "branch office" as "any place of business in this State other
10 than the principal office in the state of the broker-dealer, from which one or more sales
11 representatives transact business." Similarly, NAC 90.027 defines a "branch office" as "any place
12 of business in this State other than the principal office in this State of the broker-dealer, from which
13 one or more sales representatives transact business."

14 3. NRS 90.360(2) and NAC 90.392 requires a broker-dealer to obtain a license from the
15 Division for all branch office locations.

16 4. Respondent has violated NRS 90.360(2) and NAC 90.392 by maintaining seven (7)
17 branch office locations in the State of Nevada without obtaining a license from the Division.

18 **III.**

19 **ORDER**

20 Finding the following appropriate and in the public interest, and on the basis of the Findings
21 of Facts, Conclusions of Law, and Respondent's consent to the entry of this Order,

22 **IT IS HEREBY ORDERED:**

23 1. Respondent will cease from violating the Act, and the regulations adopted thereunder,
24 and will comply with said Act and regulations in the future.

25 2. Respondent shall obtain a branch office license for all places of business in the State
26 of Nevada from which one or more sales representatives transact business in accordance with NRS
27 90.360(2) and NAC 90.392.

1 3. Respondent shall pay the Nevada Secretary of State, on or before this Order is
2 executed, a civil penalty in the amount of Twelve Thousand Dollars and No Cents (\$12,000.00).

3 4. In addition, Respondent shall pay the Nevada Secretary of State, on or before this
4 Order is executed, the fee for the Division's inspection of Respondent's records performed pursuant
5 to NRS 90.410 in the amount of One Thousand Dollars and No Cents (\$1,000.00).

6 5. In consideration, the Division will take no further enforcement action based upon the
7 circumstances covered by this inspection and this Order and close its administrative investigation of
8 Respondent in connection with the aforementioned activities.

9 6. Nothing in this Order shall be construed as a waiver of the Division's right to
10 investigate and pursue any violations by Respondent in connection with actions other than the
11 actions as set forth herein.

12 7. This Order shall be effective as of the date on which it is signed by the Administrator
13 as set forth below.

14 DATED this 26th day of April, 2018.

15
16 **BY ORDER OF THE ADMINISTRATOR**
 Office of the Nevada Secretary of State, Securities Division

17
18 
19 DIANA J. FOLEY
20 Securities Administrator
21
22
23
24
25
26
27
28

1 **CONSENT TO ENTRY OF ADMINISTRATIVE ORDER**

2 Morgan Stanley Smith Barney, LLC ("MSSB") by and through its authorized representative,
3 hereby acknowledges that it has been served with a copy of this Administrative Consent Order
4 ("Order"), has read the foregoing Order, is aware of its rights to a hearing and appeal in this matter,
5 and has waived the same.

6 MSSB, by and through its authorized representative, admits the jurisdiction of the Securities
7 Division of the Office of the Secretary of State, State of Nevada ("Division"), and consents to entry
8 of this Order by the Administrator of the Division as settlement of the issues contained in this Order.
9

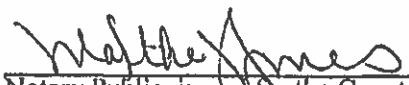
10 MSSB, by and through its authorized representative, states that no promise of any kind or
11 nature, other than the consideration set forth in the Order, was made to it to induce it to enter into
12 this Order and that it has entered into this Order voluntarily.

13 Allison Patton represents that she is the authorized representative of MSSB, and that as such,
14 she has been authorized by MSSB to enter into this Order for and on behalf of MSSB.
15

16 Morgan Stanley Smith Barney, LLC

17 
18 By: _____
19 Allison Patton
20 Managing Director

21 Subscribed and sworn to before me
22 On this 18 day of April, 2018

23 
24 Notary Public, in and for the County of
Escambia, State of Florida



MARTHA J. JONES
MY COMMISSION # FF 191326
EXPIRES: February 6, 2019
Bonded thru Budget Notary Service