
 IN THE MATTER OF:
 NYPPEX, LLC
 CRD NO. 47654
 LAURENCE GEOFFREY ALLEN
 CRD NO. 1063970
 (Collectively, “Respondents”)

AMENDED NOTICE OF INTENT
 TO DENY REGISTRATION AS
 BROKER-DEALER
 AMENDED NOTICE OF INTENT
 TO DENY REGISTRATION AS
 A BROKER-DEALER AGENT
 AND
 AMENDED NOTICE OF RIGHT TO
 HEARING
 DOCKET NO. NDR-20-14445-S

I. PRELIMINARY STATEMENT

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act.

2. Pursuant to Sections 36b-8 and 36b-26(a) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, has conducted an Investigation of Respondents (“Investigation”).

3. As a result of the Investigation by the Division, the Commissioner brings this administrative action pursuant to Section 4-182(c) of the General Statutes of Connecticut and Section 36b-15(a) of the Act to deny the broker-dealer registration of Respondent NYPPEX, LLC in Connecticut and to deny the broker-dealer agent registration of Respondent Laurence Geoffrey Allen in this state. Section 36b-15(a) of the Act provides, in pertinent part, that:

(a) The commissioner may, by order, deny, suspend or revoke any registration or, by order, restrict or impose conditions on the securities or investment advisory activities that an applicant or registrant may perform in this state if the commissioner finds that (1) the order is in the public interest, and (2) the applicant or registrant or, in the case of a broker-dealer . . . any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer . . . (D) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance (F) is the subject of any of the following sanctions that are currently effective or were imposed within the past ten years: (i) An order issued by the securities administrator of any other statedenying, suspending or revoking registration as a broker-dealer, agent, investment adviser, investment adviser agent... (iii) a suspension, expulsion or other sanction issued by a national securities exchange or other self-regulatory organization registered under federal laws administered by the Securities and Exchange Commission.

II. RESPONDENTS

4. NYPPEX, LLC is a Delaware limited liability company with its principal office at 120 N. Washington Square, Suite 200, Lansing, Michigan 48933. Prior to September 29, 2010, the firm had been located at 55 Old Field Point Road, Greenwich, Connecticut 06830. NYPPEX, LLC was registered as a broker-dealer under the Act from November 29, 1999 to December 31, 2019 when its registration was terminated for failing to renew. On January 14, 2020, the firm reapplied for registration as a broker-dealer under the Act.

5. Laurence Geoffrey Allen (“Allen”), a resident of Greenwich, Connecticut, is the managing member of NYPPEX, LLC. Allen was registered as a broker-dealer agent of NYPPEX, LLC under the Act from November 29, 1999 to December 31, 2019 when his broker-dealer agent registration was terminated for failing to renew. On October 30, 2020, Allen reapplied to be a broker-dealer agent under the Act, but then (the same day) filed to withdraw his pending broker-dealer agent application. Both of these applications are pending.

III. STATEMENT OF FACTS

NEW YORK ATTORNEY GENERAL ACTION

6. On February 4, 2020, in an action brought by the Attorney General of the State of New York (the “New York Action”), the Supreme Court of the State of New York, County of New York, entered a preliminary injunction enjoining NYPPEX, LLC, Allen and others from, *inter alia*, “[v]iolating Article 23-A of the New York General Business Law and from engaging in fraudulent, deceptive and illegal acts, and further employing any device, scheme or artifice to defraud or to obtain money or property by means of false pretense, representation or promise” (“New York Preliminary Injunction”) (*People v. Allen, Laurence G.*, No. 2378/2019 (Supreme Ct. N.Y. Cnty. 2019)). The underlying conduct involved limited partnership investments.

7. On January 11, 12, 13 and 14, 2021 a trial took place on the merits in the New York Action. On February 4, 2021, the court in the New York Action issued a “Decision After Trial,” wherein the court entered a permanent injunction enjoining NYPPEX and Allen from, among other things, making any distributions from ACPX (the underlying investment fund) except to investors. *People v. Allen, Laurence*, No. 452378/2019 (Supreme Ct. N.Y. Cnty. 2021) (NYSCEF Doc. No. 538). The Decision After Trial also found that Allen made frequent, material misrepresentations and misleading omissions in communications to the investors and made false and misleading reports on the value of ACPX’s interest in NYPPEX to the investors and caused ACPX to purchase NYPPEX stock at wildly inflated prices. NYPPEX appealed the Decision After Trial to the Supreme Court Appellate Division, First Judicial Department (“First Judicial Department Decision”), which decided on October 21, 2021 to uphold the Decision After Trial in full. *James, AG SNY v Allen*, N.Y. App. Div., 198 A.D.3d 531 (1st Dep’t 2021). In July 2022, NYPPEX and Allen appealed the First Judicial Department Decision to the New York Court of Appeals, which appeal was denied on October 20, 2022. *People of State of New York, by Letitia James, etc. v Laurence G. Allen*, Slip Opinion No: 2022 NY Slip Op. 73209, October 20, 2022.

FINRA ENFORCEMENT ACTION - NYPPEX and ALLEN

8. In May 2021, the Financial Industry Regulatory Authority's ("FINRA") Department of Enforcement filed a nine-cause complaint against NYPPEX and Allen, alleging a pattern of misconduct in the securities business, including securities fraud. On August 26, 2022, FINRA issued an Extended Hearing Panel Decision ("Hearing Panel Decision") expelling NYPPEX from FINRA membership and barring Allen from associating with any FINRA member firm in any capacity for, among other things, engaging in securities fraud. *FINRA Disciplinary Proceeding No. 2019064813801*. NYPPEX and Allen have appealed the Hearing Panel Decision to FINRA's National Adjudicatory Council (the "NAC"), which appeal is still pending.

9. On February 14, 2020, NYPPEX, LLC filed with the NAC a Membership Continuance Application, which it amended on March 24, 2021 (the "Application"). The Application to the NAC requested that FINRA permit Allen, a person then subject to statutory disqualification, to continue to associate with NYPPEX. The NAC denied NYPPEX's application on September 23, 2022. Allen filed an application for review of the NAC decision with the Securities and Exchange Commission (the "SEC") on October 24, 2022. This appeal is currently pending.

KENTUCKY ENFORCEMENT ACTION - NYPPEX

10. On March 4, 2022, the Commonwealth of Kentucky, Public Protection Cabinet, Department of Financial Institutions ("Kentucky") filed a complaint against NYPPEX alleging violations of the Securities Act of Kentucky and requesting the revocation of NYPPEX's broker-dealer registration (the "Kentucky Action"). On May 13, 2022, Kentucky entered a Final Order of Default in the Kentucky Action, revoking NYPPEX's broker-dealer registration in Kentucky and entering a Cease and Desist Order against NYPPEX from engaging in the securities business in the state of Kentucky for ten years. *FINRA Occurrence 2232168*. <https://kfi.ky.gov/Documents/2022-AH-0001NYPPEXLLC.pdf>

MARYLAND ENFORCEMENT ACTION – NYPPEX

11. On June 4, 2021, the Maryland Securities Commissioner (“Maryland”) issued an Order to Show Cause and Order of Summary Suspension (“Maryland Action”) based on the permanent injunction issued against NYPPEX in the New York Action. NYPPEX failed to timely request a hearing in the Maryland Action, and on July 13, 2021, Maryland issued an Order of Revocation, revoking NYPPEX’s broker-dealer registration in Maryland. On December 6, 2021, Maryland and NYPPEX entered into a Consent Order, wherein, NYPPEX’s broker-dealer prior revocation was vacated, and its registration in Maryland was withdrawn. In addition, NYPPEX agreed not to apply or reapply for registration as a broker-dealer or investment adviser in Maryland or conduct securities or investment advisory business in Maryland until the later of five years from the date of the Consent Order or all pending regulatory matters have been resolved.

MICHIGAN ENFORCEMENT ACTION – NYPPEX

12. On April 14, 2022, the State of Michigan Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau (“Michigan”), issued a Notice of Intent to Revoke Broker-Dealer Registration (“Michigan Action”) against NYPPEX. The Michigan Action was based on the fact that NYPPEX was subject to a permanent injunction in the New York Action and subject to Maryland’s order prohibiting or barring it from registering as a broker-dealer or investment adviser in the State of Maryland for at least five years. The Michigan Action is currently pending.

SEC ENFORCEMENT ACTION - ALLEN

13. On March 14, 2022, the SEC filed an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 and Notice of Hearing against Allen. The SEC’s proceeding is based on the allegations raised in the New York Action and is currently pending.

**IV. STATUTORY BASIS FOR DENIAL OF REGISTRATION AS BROKER-DEALER
AND DENIAL OF REGISTRATION AS A BROKER-DEALER AGENT**

New York Permanent Injunction Entered Against Respondents

14. Paragraphs 1 through 13, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

15. The New York Permanent Injunction entered against NYPPEX, LLC, as more fully described in paragraph 7 forms a basis for the denial of NYPPEX, LLC's registration as a broker-dealer in Connecticut pursuant to Section 36b-15(a)(2)(D) of the Act.

16. The New York Permanent Injunction entered against Allen, as more fully described in paragraph 7, forms a basis for denying the registration of Allen pursuant to Section 36b-15(a)(2)(D) of the Act.

FINRA Expulsion of NYPPEX and Bar of Allen

17. Paragraphs 1 through 16, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

18. FINRA's Decision against NYPPEX, LLC, as more fully described in paragraph 8 forms a basis for the denial of NYPPEX, LLC's registration as a broker-dealer in Connecticut pursuant to Section 36b-15(a)(2)(F)(iii) of the Act.

19. FINRA'S Decision against Allen, as more fully described in paragraph 8, forms a basis for denying the registration of Allen pursuant to Section 36b-15(a)(2)(F)(iii) of the Act.

Kentucky Revocation of NYPPEX's Broker-Dealer Registration

20. Paragraphs 1 through 19, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

21. Kentucky's revocation of NYPPEX's broker-dealer registration, as more fully described in paragraph 10, forms a basis for the denial of NYPPEX, LLC's registration as a broker-dealer in Connecticut pursuant to Section 36b-15(a)(2)(F)(i) of the Act.

**V. AMENDED NOTICE OF INTENT TO DENY REGISTRATION AS BROKER-DEALER,
AMENDED NOTICE OF INTENT TO DENY REGISTRATION AS A BROKER-
DEALER AGENT AND AMENDED NOTICE OF RIGHT TO HEARING**

WHEREAS, the Commissioner has reason to believe that grounds exist for denying NYPPEX, LLC's registration as a broker-dealer in Connecticut under Section 36b-15(a)(2)(D), 36b-15(a)(2)(F)(i) and 36b-15(a)(2)(F)(iii) of the Act;

WHEREAS, the Commissioner has reason to believe that grounds exist for denying the broker-dealer agent registration of Allen under Section 36b-15(a)(2)(D) and 36b-15(a)(2)(F)(iii) of the Act;

WHEREAS, the Commissioner finds that the issuance of an order denying Respondent NYPPEX, LLC's registration as a broker-dealer in Connecticut and the issuance of an order denying the broker-dealer agent registration of Allen in this state would be in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Act;

AND WHEREAS, Section 36b-15(f) of the Act provides, in pertinent part, that "[n]o order may be entered under this section . . . without (1) appropriate prior notice to the applicant or registrant and to the employer or prospective employer if such applicant or registrant is an agent or investment adviser agent, (2) opportunity for hearing, and (3) written findings of fact and conclusions of law";

NOW THEREFORE, notice is hereby given to Respondent NYPPEX, LLC that its application for registration as a broker-dealer in Connecticut shall be denied, subject to its right to request a hearing on the allegation set forth above;

NOW THEREFORE, notice is hereby given to Respondent Allen that his registration as a broker-dealer agent in Connecticut shall be denied, subject to his right to request a hearing on the allegation set forth above;

A hearing has been requested by Respondents and is scheduled for a date to be determined. The hearing will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, Section 149 of June Special Session Public Act 21-2, as amended by Section 1 of Public Act 22-3, and the Remote Hearing Guidelines available on the Departments website at <https://portal.ct.gov/dob>.

If any Respondent fails to appear at any such hearing, the allegations herein against any such Respondent will be deemed admitted and the Commissioner shall issue an order denying the registration of NYPPEX, LLC as a broker-dealer in Connecticut and/or denying the registration of Allen as a broker-dealer agent in this state.

Dated at Hartford, Connecticut,
this 7th day of December 2022.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 8th day of December 2022, I caused to be mailed by certified mail, return receipt requested, the foregoing Amended Notice of Intent to Deny Registration as a Broker-Dealer, Amended Notice of Intent to Deny Registration as a Broker-dealer Agent and Amended Notice of Right to Hearing to: NYPPEX, LLC, 120 N. Washington Square, Suite 200, Lansing, Michigan 48933, certified mail no. 70221670000209232593; NYPPEX, LLC, c/o Laurence Geoffrey Allen, 43 Maple Avenue, Unit 3, Greenwich, CT 06830, certified mail no. 70221670000209232579; Laurence Geoffrey Allen, 43 Maple Avenue, Unit 3, Greenwich, CT 06830, certified mail no. 70221670000209232586; via email to Laurence Geoffrey Allen at lallen@nypdex.com; and to Hearing Officer Eric Beckenstein by hand-delivery and email at eric.beckenstein@ct.gov.

_____/s/_____
Christopher Cartelli
Paralegal