



## IAPD Report

# DEAN PATRICK MCDERMOTT

CRD# 1731834

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Please contact FINRA with any concerns.



## **IAPD Information About Representatives**

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

### **What is included in a IAPD report?**

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

### **Where did this information come from?**

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

### **How current is this information?**

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

### **Need help interpreting this report?**

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

### **What if I want to check the background of an Individual Broker or Brokerage Firm?**

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

### **Are there other resources I can use to check the background of investment professionals?**

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



## Report Summary

### DEAN PATRICK MCDERMOTT (CRD# 1731834)

The report summary provides an overview of the representative's professional background and conduct. The information contained in this report has been provided by the representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the representative, a previous employing firm, or a securities regulator on **06/16/2025**.

### CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
IA	MCDERMOTT INVESTMENT ADVISORS, LLC	CRD# 132221	09/24/2004
B	MCDERMOTT INVESTMENT SERVICES, LLC	CRD# 154926	05/19/2011

### QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and **51** jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

**Note:** Not all jurisdictions require IAR registration or may have an exemption from registration.

Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

### REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

	FIRM	CRD#	LOCATION	REGISTRATION DATES
B	STEVEN L. FALK & ASSOCIATES INC.	14297	BETHLEHEM, PA	02/14/2000 - 05/18/2011
B	COORDINATED CAPITAL SECURITIES, INC.	14762	FORT ATKINSON, WI	08/12/1996 - 02/08/2000
B	OLD NAPLES SECURITIES, INC.	17502	NAPLES, FL	03/27/1992 - 08/30/1996

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

### DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this representative? **Yes**

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1
Civil Event	1






## Qualifications

### REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with **51** jurisdiction(s) and 1 SRO(s) through his or her employer(s).

### Employment 1 of 2

Firm Name: **MCDERMOTT INVESTMENT ADVISORS, LLC**  
Main Address: 780 FIFTH AVENUE SOUTH  
SUITE 200  
NAPLES, FL 34102  
Firm ID#: 132221

	Regulator	Registration	Status	Date
	Florida	Investment Adviser Representative	Approved	04/08/2005
	Pennsylvania	Investment Adviser Representative	Approved	09/24/2004
	Texas	Investment Adviser Representative	Restricted Approval	11/03/2022




### Branch Office Locations

**MCDERMOTT INVESTMENT ADVISORS, LLC**  
780 FIFTH AVENUE SOUTH  
SUITE 200  
NAPLES, FL 34102

**MCDERMOTT INVESTMENT ADVISORS, LLC**  
44 East Broad Street  
Suite 218  
Bethlehem, PA 18018

### Employment 2 of 2

Firm Name: **MCDERMOTT INVESTMENT SERVICES, LLC**  
Main Address: 900 BROAD AVE SOUTH  
SUITE 2C  
NAPLES, FL 34102  
Firm ID#: 154926

	Regulator	Registration	Status	Date
	FINRA	General Securities Principal	Approved	05/19/2011
	FINRA	General Securities Representative	Approved	05/19/2011
	FINRA	Municipal Securities Principal	Approved	05/19/2011



## Qualifications

	Regulator	Registration	Status	Date
B	FINRA	Municipal Securities Representative	Approved	05/19/2011
B	FINRA	Registered Options Principal	Approved	05/19/2011
B	FINRA	Operations Professional	Approved	12/12/2011
B	FINRA	Compliance Officer	Approved	10/01/2018
B	Alabama	Agent	Approved	07/17/2013
B	Alaska	Agent	Approved	02/26/2014
B	Arizona	Agent	Approved	08/30/2012
B	Arkansas	Agent	Approved	07/15/2013
B	California	Agent	Approved	05/25/2011
B	Colorado	Agent	Approved	05/31/2011
B	Connecticut	Agent	Approved	05/19/2011
B	Delaware	Agent	Approved	03/26/2013
B	District of Columbia	Agent	Approved	05/26/2011
B	Florida	Agent	Approved	06/15/2011
B	Georgia	Agent	Approved	04/23/2013
B	Hawaii	Agent	Approved	02/20/2014
B	Idaho	Agent	Approved	02/20/2014
B	Illinois	Agent	Approved	05/20/2011
B	Indiana	Agent	Approved	07/12/2013



## Qualifications

	Regulator	Registration	Status	Date
B	Iowa	Agent	Approved	02/20/2014
B	Kansas	Agent	Approved	02/24/2014
B	Kentucky	Agent	Approved	02/20/2014
B	Louisiana	Agent	Approved	02/24/2014
B	Maine	Agent	Approved	09/10/2012
B	Maryland	Agent	Approved	05/24/2011
B	Massachusetts	Agent	Approved	05/26/2011
B	Michigan	Agent	Approved	08/30/2011
B	Minnesota	Agent	Approved	02/25/2014
B	Mississippi	Agent	Approved	02/21/2014
B	Missouri	Agent	Approved	02/25/2014
B	Montana	Agent	Approved	02/21/2014
B	Nebraska	Agent	Approved	02/01/2013
B	Nevada	Agent	Approved	06/07/2011
B	New Hampshire	Agent	Approved	02/21/2014
B	New Jersey	Agent	Approved	05/31/2011
B	New Mexico	Agent	Approved	08/15/2013
B	New York	Agent	Approved	05/24/2011
B	North Carolina	Agent	Approved	06/10/2011



## Qualifications

	Regulator	Registration	Status	Date
B	North Dakota	Agent	Approved	03/03/2014
B	Ohio	Agent	Approved	07/08/2013
B	Oklahoma	Agent	Approved	03/17/2014
B	Oregon	Agent	Approved	08/26/2011
B	Pennsylvania	Agent	Approved	05/23/2011
B	Rhode Island	Agent	Approved	03/13/2012
B	South Carolina	Agent	Approved	02/21/2014
B	South Dakota	Agent	Approved	07/18/2013
B	Tennessee	Agent	Approved	01/29/2018
B	Texas	Agent	Approved	10/05/2012
B	Utah	Agent	Approved	07/19/2013
B	Vermont	Agent	Approved	02/20/2014
B	Virginia	Agent	Approved	05/31/2011
B	Washington	Agent	Approved	02/21/2014
B	West Virginia	Agent	Approved	03/10/2014
B	Wisconsin	Agent	Approved	05/25/2011
B	Wyoming	Agent	Approved	02/24/2014

## Branch Office Locations



## Qualifications

900 BROAD AVE SOUTH  
SUITE 2C  
NAPLES, FL 34102

44 EAST BROAD STREET  
2ND FLOOR  
BETHLEHEM, PA 18018

101 MAIN STREET  
SUITE 260  
HUNTINGTON BEACH, CA 92648

900 Broad Ave South  
Suite 2C  
Naples, FL 34102









## Qualifications

### PASSED INDUSTRY EXAMS





This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

**This individual has passed 4 principal/supervisory exams, 4 general industry/product exams, and 2 state securities law exams.**




#### Principal/Supervisory Exams

	Exam	Category	Date
	Compliance Officer Examination (S14)	Series 14	01/02/2023
	Registered Options Principal Examination (S4)	Series 4	10/27/1994
	Municipal Securities Principal Examination (S53)	Series 53	06/22/1994
	General Securities Principal Examination (S24)	Series 24	04/10/1992

#### General Industry/Product Exams

	Exam	Category	Date
	Municipal Securities Representative Examination (S52TO)	Series 52TO	09/25/2025
	Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
	Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
	General Securities Representative Examination (S7)	Series 7	09/19/1987

#### State Securities Law Exams

	Exam	Category	Date
 	Uniform Combined State Law Examination (S66)	Series 66	06/24/2002
	Uniform Securities Agent State Law Examination (S63)	Series 63	09/30/1987



## PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **0** professional designation(s).

No information reported.



## Registration & Employment History

### PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

	Registration Dates	Firm Name	ID#	Branch Location
B	02/14/2000 - 05/18/2011	STEVEN L. FALK & ASSOCIATES INC.	CRD# 14297	BETHLEHEM, PA
B	08/12/1996 - 02/08/2000	COORDINATED CAPITAL SECURITIES, INC.	CRD# 14762	FORT ATKINSON, WI
B	03/27/1992 - 08/30/1996	OLD NAPLES SECURITIES, INC.	CRD# 17502	NAPLES, FL
B	08/24/1989 - 01/15/1992	LEGG MASON WOOD WALKER, INCORPORATED	CRD# 6555	BALTIMORE, MD
B	08/25/1989 - 10/25/1989	PRUDENTIAL-BACHE SECURITIES INC.	CRD# 7471	NEW YORK, NY
B	09/24/1987 - 08/25/1989	THOMSON MCKINNON SECURITIES INC.	CRD# 829	NEW YORK, NY

### EMPLOYMENT HISTORY

Below is the representative's employment history for up to the last 10 years.

Employment Dates	Employer Name	Position	Investment Related	Employer Location
05/2011 - Present	MCDERMOTT INVESTMENT SERVICES, LLC	MANAGING MEMBER/CHIEF COMPLIANCE OFFICER	Y	BETHLEHEM, PA, United States
06/2004 - Present	MCDERMOTT INVESTMENT ADVISORS, LLC	MANAGING MEMBER	Y	BETHLEHEM, PA, United States

### OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the representative regarding other business activities the representative is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt.

1) MCDERMOTT INVESTMENT ADVISORS, LLC(MIA),INVESTMENT-RELATED, 26 W. BROAD ST., BETHLEHEM,PA. 18016. (MIA) IS AN SEC REGISTERED INVESTMENT ADVISORY AND ECONOMIC CONSULTING FIRM, MANAGING MEMBER SINCE IT'S FORMATION IN MAY 2004. INVESTMENT MANAGER. 30 HRS./WK. WHICH RUN CONCURRENTLY W/ B/D ACTIVITY.

2) Kadedo of Naples, LLC; Not Investment-Related; 882 7th Ave South, Naples, FL 34102; Nature: Commercial Real Estate; Position/Title: Member; Start Date: June 1, 2025; 4 hours/month devoted; 0 hours/month devoted during trading hours; Duties: Passive Ownership.



## Disclosure Summary

### Disclosure Information

#### What you should know about reported disclosure events:

##### (1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

##### (2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

##### (3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
  - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
  - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
  - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
  - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
  - A "settled" matter generally represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
  - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

##### (4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



## DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1
Civil Event	1

### Regulatory Event

This disclosure event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a federal regulator such as the Securities and Exchange Commission or the Commodities Futures Trading Commission, or a foreign financial regulatory body) for a violation of investment-related rules or regulations. This disclosure event may also include a revocation or suspension of an Investment Adviser Representative's authority to act as an attorney, accountant or federal contractor.

#### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Regulatory Action Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Sanction(s) Sought:</b>	
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	01/30/1998
<b>Docket/Case Number:</b>	
<b>Employing firm when activity occurred which led to the regulatory action:</b>	OLD NAPLES SECURITIES, INC.
<b>Product Type:</b>	
<b>Other Product Type(s):</b>	
<b>Allegations:</b>	
<b>Current Status:</b>	Final
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	01/30/1998
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	
<b>Regulator Statement</b>	02-13-98, SEC NEWS DIGEST ISSUE NO. 98-21, DATED FEBRUARY 2,



1998, ENFORCEMENT PROCEEDINGS DISCLOSE: "ADMINISTRATIVE PROCEEDINGS SETTLED AGAINST DEAN MCDERMOTT, STEPHEN COMPOS AND DANIEL SHAFFER"; THE COMMISSION ANNOUNCED THAT ON JANUARY 30, 1998, IT INSTITUTED AND SIMULTANEOUSLY SETTLED CEASE AND DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 (SECURITIES ACT) AGAINST DEAN MCDERMOTT AND STEPHEN COMPOS, BOTH OF BEETHLEHEM, PENNSYLVANIA, AND DANIEL SHAFFER, OF READING, PENNSYLVANIA (COLLECTIVELY, RESPONDENTS).

THE ORDER INSTITUTING CEASE AND DESIST PROCEEDINGS (ORDER) FOUND THAT FROM APPROXIMATELY MAY 1995 THROUGH MAY 1996, RESPONDENTS SOLICITED AND RAISED AT LEAST \$4.8 MILLION FOR PURPORTED BOND TRADING PROGRAMS OFFERED BY OLD NAPLES SECURITIES, INC. AND JAMES ZIMMERMAN. THE ORDER FOUND THAT INSTEAD OF MAKING THE PROMISED INVESTMENTS, ZIMMERMAN OPERATED A "PONZI" SCHEME AND MISUSED AND MISAPPROPRIATED CUSTOMER FUNDS.

THE ORDER FOUND THAT RESPONDENTS SOLICITED THESE INVESTMENTS BASED SOLELY ON ZIMMERMAN'S ORAL REPRESENTATIONS TO THEM AND CONDUCTED AN INSUFFICIENT INVESTIGATION INTO THE INVESTMENTS. THE ORDER ALSO FOUND THAT CERTAIN "RED FLAGS" SHOULD HAVE CAUSED RESPONDENTS TO INVESTIGATE THE BOND INVESTMENTS IN GREATER DETAIL. THE ORDER FINDS THAT RESPONDENTS COMMITTED OR CAUSED VIOLATIONS OF SECTION 17(a)(2) AND (3) OF THE SECURITIES ACT.

PURSUANT TO THEIR OFFERS OF SETTLEMENT, RESPONDENTS CONSENTED TO THE ENTRY OF A CEASE AND DESIST ORDER AND TO AN ORDER THAT SHAFFER PAY DISGORGEMENT OF \$90,000 PLUS PRE-JUDGMENT INTEREST, ALL OF WHICH WAS WAIVED BASED ON SHAFFER'S DEMONSTRATED INABILITY TO PAY. (REL. 33-7502; FILE NO. 3-9540)

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<b>Reporting Source:</b>	Firm
<b>Regulatory Action Initiated By:</b>	SECURITIES AND EXCHANGE COMMISSION
<b>Sanction(s) Sought:</b>	Cease and Desist
<b>Other Sanction(s) Sought:</b>	
<b>Date Initiated:</b>	08/05/1996
<b>Docket/Case Number:</b>	3-9540
<b>Employing firm when activity occurred which led to the regulatory action:</b>	OLD NAPELS SECURITIES, INC.
<b>Product Type:</b>	Debt - Municipal
<b>Other Product Type(s):</b>	



**Allegations:** ACTION ALLEGES THAT RESPONDENT COMMITTED OR CAUSED VIOLATIONS OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT.

**Current Status:** Final

**Resolution:** Order

**Resolution Date:** 01/30/1998

**Sanctions Ordered:** Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** RESPONDENT WAS ORDERED TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATION OR ANY FUTURE VIOLATION OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT.

**Firm Statement** RESPONDENT SOLICITED AND RAISED FUNDS FOR INVESTMENTS AND REINVESTMENTS IN A PURPORTED BOND TRADING PROGRAM. IT WAS LATER FOUND THAT THE FUNDS WERE RAISED PURSUANT TO A "PONZI" SCHEME DEVISED SOLEY BY JAMES A. ZIMMERMAN, PRESIDENT OF THE NOW DE-FUNCT OLD NAPLES SECURITIES, WHO EMBEZZELED THE FUNDS.

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**Reporting Source:** Individual

**Regulatory Action Initiated By:** SECURITIES AND EXCHANGE COMMISSION

**Sanction(s) Sought:** Cease and Desist

**Other Sanction(s) Sought:**

**Date Initiated:** 01/30/1998

**Docket/Case Number:** FILE NUMBER 3-9540

**Employing firm when activity occurred which led to the regulatory action:** OLD NAPLES SECURITIES, INC.

**Product Type:** Debt - Municipal

**Other Product Type(s):**

**Allegations:** RESPONDENTS (WHO ALSO INVESTED) SOLICITED AND RAISED FUNDS FOR INVESTMENTS AND REINVESTMENTS IN A PURPORTED BOND TRADING PROGRAM. IT WAS LATER FOUND THAT THE FUNDS WERE RAISED PURSUANT TO A 'PONZI' SCHEME DEVISED SOLELY BY JAMES A. ZIMMERMAN, PRESIDENT OF THE NOW-DEFUNCT OLD NAPLES SECURITIES, INC, WHO EMBEZZLED THE FUNDS. THE RESPONDENTS AND THE INVESTORS LOST MONEY IN THE 'PONZI' SCHEME.

**Current Status:** Final

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 01/30/1998

**Sanctions Ordered:** Cease and Desist/Injunction

**Other Sanctions Ordered:**

**Sanction Details:** SEC ORDERED A 'CEASE AND DESIST FROM SECTIONS



**Broker Statement**

17(A)(2) AND (3) OF THE SECURITIES ACT.

THE PRESIDENT AND CHIEF COMPLIANCE OFFICER FOR  
OLD NAPELS SECURITIES INC JAMES A ZIMMERMAN, PLEAD GUILTY TO  
SEVEN COUNTS OF FELONY INCLUDING WIRE AND MAIL FRAUD AS WELL  
AS  
ADMITTING TO ENGINEERING THE 'PONZ' SCHEME BY HIMSELF.





## Civil Event

This disclosure event involves an injunction issued by a foreign or domestic court in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute or regulation, or an action dismissed by a domestic or foreign court pursuant to a settlement agreement.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Regulator
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Relief Sought:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction Monetary Penalty other than Fines
<b>Date Court Action Filed:</b>	09/13/2019
<b>Product Type:</b>	Other: Fraudulent scheme
<b>Type of Court:</b>	Federal Court
<b>Name of Court:</b>	The United States District Court for the Eastern District of Pennsylvania;
<b>Location of Court:</b>	Pennsylvania
<b>Docket/Case #:</b>	5:19-cv-04229
<b>Employing firm when activity occurred which led to the action:</b>	McDermott Investment Advisors, LLC
<b>Allegations:</b>	<p>On September 13, 2019, the SEC filed the Complaint: Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows against Defendants Dean Patrick McDermott ("McDermott") and McDermott Investment Advisors, LLC ("MIA") (collectively, "Defendants"), and Relief Defendant McDermott Investment Services, LLC ("MIS"). Between March 2013 and December 2014, McDermott and MIA, the investment adviser he owns, unlawfully invested their clients in a version of a security that charged significant transactional sales charges when the identical security without these costs was available. As investment advisers, Defendants were paid a fee by their clients to choose investments and make trades on their clients' behalf. Under applicable law, and as detailed in MIA's then-operative Compliance Policies and Procedures Manual, Defendants were "required to act in the best interests of their clients and place their interests before their own." By causing their clients to pay these avoidable fees, Defendants violated their fiduciary duty to seek best execution of these transactions on behalf of their clients. Defendants also violated their fiduciary duty by failing to disclose to their clients the conflict of interest inherent in these transactions: namely, that a version of the securities without the transactional sales charges was available, and that the majority of the unnecessary transactional costs incurred by Defendants' clients was paid to Relief Defendant MIS, McDermott's 100%-owned and controlled broker-dealer. McDermott, MIA, and MIS were double dipping by receiving both the advisory fees and the fees generated by the more expensive securities. By failing to seek best execution of the trades and failing to disclose the conflicts of interest inherent in these transactions, the Defendant enriched himself at the expense of his clients and without his clients' knowledge. As a result of the conduct described in this Complaint, Defendant violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940.</p> <p>Alternatively, with respect to Defendant McDermott, McDermott is liable under Sections 209(d) and (f) of the Advisers Act for aiding and abetting MIA's violations of Section 206(1) and 206(2) of the Advisers Act.</p>
<b>Current Status:</b>	Final



<b>Resolution:</b>	Judgment Rendered
<b>Resolution Date:</b>	10/28/2022
<b>Sanctions Ordered or Relief Granted:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Monetary Penalty other than Fines
<b>Monetary Sanction 1 of 3</b>	
<b>Monetary Sanction:</b>	Monetary Fine
<b>Total Amount:</b>	\$50,000.00
<b>Portion against individual:</b>	50000
<b>Date Paid:</b>	
<b>Portion Waived:</b>	No
<b>Amount Waived:</b>	
<b>Monetary Sanction 2 of 3</b>	
<b>Monetary Sanction:</b>	Prejudgment interest on the disgorgement; joint and several
<b>Total Amount:</b>	\$50,983.60
<b>Portion against individual:</b>	50983.60
<b>Date Paid:</b>	
<b>Portion Waived:</b>	No
<b>Amount Waived:</b>	
<b>Monetary Sanction 3 of 3</b>	
<b>Monetary Sanction:</b>	Disgorgement
<b>Total Amount:</b>	\$143,379.33
<b>Portion against individual:</b>	143379.33
<b>Date Paid:</b>	
<b>Portion Waived:</b>	
<b>Amount Waived:</b>	
<b>Regulator Statement</b>	<p>On July 12, 2022, a jury found that Defendant McDermott violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940. The jury also found McDermott liable for aiding and abetting McDermott Investment Advisors, LLC's primary violations of Sections 206(1) and 206(2).</p> <p>On October 28, 2022, a final judgment was entered against Defendant Dean Patrick McDermott wherein he is liable for (1) disgorgement of \$143,379.33, together with prejudgment interest thereon in the amount of \$50,983.60, jointly and severally with Defendant MIA and Relief Defendant McDermott Investment Services, LLC; and (2) a civil penalty in the amount of \$50,000.00.</p>
<hr/>	
<b>Reporting Source:</b>	Individual
<b>Initiated By:</b>	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
<b>Relief Sought:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Injunction



	Monetary Penalty other than Fines
<b>Date Court Action Filed:</b>	09/13/2019
<b>Date Notice/Process Served:</b>	09/13/2019
<b>Product Type:</b>	Other: Fraudulent Scheme
<b>Type of Court:</b>	Federal Court
<b>Name of Court:</b>	United States District Court for the Eastern District of Pennsylvania
<b>Location of Court:</b>	Allentown, PA
<b>Docket/Case #:</b>	5:19-cv-04229
<b>Employing firm when activity occurred which led to the action:</b>	McDermott Investment Advisors, LLC
<b>Allegations:</b>	<p>On September 13, 2019, the SEC filed the Complaint: Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows against Defendants Dean Patrick McDermott ("McDermott") and McDermott Investment Advisors, LLC ("MIA") (collectively, "Defendants"), and Relief Defendant McDermott Investment Services, LLC ("MIS"). Between March 2013 and December 2014, McDermott and MIA, the investment adviser he owns, unlawfully invested their clients in a version of a security that charged significant transactional sales charges when the identical security without these costs was available. As investment advisers, Defendants were paid a fee by their clients to choose investments and make trades on their clients' behalf. Under applicable law, and as detailed in MIA's then-operative Compliance Policies and Procedures Manual, Defendants were "required to act in the best interests of their clients and place their interests before their own." By causing their clients to pay these avoidable fees, Defendants violated their fiduciary duty to seek best execution of these transactions on behalf of their clients. Defendants also violated their fiduciary duty by failing to disclose to their clients the conflict of interest inherent in these transactions: namely, that a version of the securities without the transactional sales charges was available, and that the majority of the unnecessary transactional costs incurred by Defendants' clients was paid to Relief Defendant MIS, McDermott's 100%-owned and controlled broker-dealer. McDermott, MIA, and MIS were double dipping by receiving both the advisory fees and the fees generated by the more expensive securities. By failing to seek best execution of the trades and failing to disclose the conflicts of interest inherent in these transactions, the Defendant enriched himself at the expense of his clients and without his clients' knowledge. As a result of the conduct described in this Complaint, Defendant violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940. Alternatively, with respect to Defendant McDermott, McDermott is liable under Sections 209(d) and (f) of the Advisers Act for aiding and abetting MIA's violations of Section 206(1) and 206(2) of the Advisers Act.</p>
<b>Current Status:</b>	Final
<b>Resolution:</b>	Judgment Rendered
<b>Resolution Date:</b>	10/28/2022
<b>Sanctions Ordered or Relief Granted:</b>	Civil and Administrative Penalty(ies)/Fine(s) Disgorgement Monetary Penalty other than Fines
<b>Monetary Sanction 1 of 3</b>	
<b>Monetary Sanction:</b>	Monetary Fine
<b>Total Amount:</b>	\$50,000.00

**Portion against individual:****Date Paid:****Portion Waived:** No**Amount Waived:****Monetary Sanction 2 of 3****Monetary Sanction:** Prejudgment interest on the disgorgement; joint and several**Total Amount:** \$50,983.60**Portion against individual:** 50983.60**Date Paid:****Portion Waived:** No**Amount Waived:****Monetary Sanction 3 of 3****Monetary Sanction:** Disgorgement**Total Amount:** \$143,379.33**Portion against individual:****Date Paid:****Portion Waived:****Amount Waived:****Broker Statement**

On March 19, 2019, the SEC Staff notified McDermott Investment Advisors and Dean McDermott that it had made a preliminary determination to recommend to the SEC that an enforcement action be brought against McDermott Investment Advisors and Dean McDermott arising from investments made into unit investment trusts ("UITs") for certain of our advisory clients from January 2012 through December 2014. On September 13, 2019, the SEC notified us that it had filed a civil action in the United States District Court for the Eastern District of Pennsylvania related to these allegations (the "EDPA Action"). In the EDPA Action, the SEC alleged various claims arising from UIT purchases for certain advisory clients between March 2013 and December 2014. The crux of the EDPA Action was that we breached our fiduciary duty by failing to act in our advisory clients' best interest; to seek best execution for client transactions; and by making inadequate disclosures to advisory clients regarding conflicts of interest and the availability of UITs with less expensive fees. The SEC also alleged that Mr. McDermott aided and abetted the Firm's alleged violations.

The Firm and Mr. McDermott believe the UIT purchases were in our advisory clients' best interest when viewed in the context of the comprehensive fee structure and the advisory relationship as a whole. There were two versions of the UITs available for purchase - one with a sales charge and one without. The SEC contended that the selection of the UIT version with the sales charge was improper. The Firm and Mr. McDermott believe that selecting the version with a sales charge was appropriate because doing so was part of a comprehensive fee structure, which provided most of the advisory clients with free equity trades and many advisory clients with discounted advisory fees. Despite presenting this, and other defenses, at a six-day trial in Philadelphia, the jury returned its verdict in the SEC's favor. Specifically, the jury's verdict found that Mr. McDermott and MIA intentionally "failed to act in [their] clients' best interest, seek best execution or disclose a conflict of interest," in breach of their fiduciary duty and in violation of Section 206(1) of the Advisors Act. The jury's verdict also found that Mr. McDermott violated Section 209 of the Advisors Act by aiding and abetting MIA's Section 206(1) violation.



On October 26, 2022, a hearing was held to determine the appropriate remedies to be imposed. The SEC sought permanent injunctions against MIA and Mr. McDermott, disgorgement of \$143,379.33 plus prejudgment interest of \$50,983.60, and civil penalties against MIA and Mr. McDermott in the amounts of \$400,000 and \$80,000 respectively. In its final order following the hearing, the Court granted the SEC's request for disgorgement and prejudgment interest, ordering that MIS, MIA, and Mr. McDermott to be jointly and severally liable for \$143,379.33 in disgorgement and \$50,983.60 in prejudgment interest. The Court, however, denied the SEC's request for permanent injunctions against MIA and Mr. McDermott, and significantly lowered the SEC's requested civil penalties from \$480,000 to \$160,000, ordering MIA to pay \$110,000, and Mr. McDermott to pay \$50,000. Payments were deposited with the Court on November 21, 2022.



## End of Report

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