



IAPD Report

PHILIP S. RABINOVICH

CRD# 3232299

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

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

PHILIP S. RABINOVICH (CRD# 3232299)

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 **04/08/2025**.

CURRENT EMPLOYERS

	Firm	CRD#	Registered Since
B	DINOSAUR FINANCIAL GROUP, L.L.C	CRD# 104446	01/04/2010
IA	RMR WEALTH MANAGEMENT	CRD# 152266	01/14/2010

QUALIFICATIONS

This representative is currently registered in **1** SRO(s) and **17** 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	MGINN, SMITH & CO., INC.	8453	NEW YORK, NY	07/25/2001 - 12/31/2009
IA	MGINN, SMITH ADVISORS LLC	137827	ALBANY, NY	08/23/2006 - 04/01/2009
B	MERCER PARTNERS INCORPORATED	44925	NEW YORK, NY	05/27/1999 - 05/30/2001

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



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 17 jurisdiction(s) and 1 SRO(s) through his or her employer(s).

Employment 1 of 2

Firm Name: **DINOSAUR FINANCIAL GROUP, L.L.C**
Main Address: 33 WHITEHALL ST
1102
NEW YORK, NY 10004
Firm ID#: 104446

	Regulator	Registration	Status	Date
B	FINRA	General Securities Principal	Approved	01/04/2010
B	FINRA	General Securities Representative	Approved	01/04/2010
B	FINRA	Investment Banking Representative	Approved	04/29/2010
B	FINRA	Operations Professional	Approved	10/17/2011
B	FINRA	Investment Banking Principal	Approved	10/01/2018
B	California	Agent	Approved	01/04/2010
B	Colorado	Agent	Approved	10/19/2011
B	Connecticut	Agent	Approved	04/29/2013
B	Florida	Agent	Approved	01/04/2010
B	Illinois	Agent	Approved	01/04/2010
B	Indiana	Agent	Approved	05/28/2013
B	Maryland	Agent	Approved	01/25/2010
B	Massachusetts	Agent	Approved	01/25/2010



Qualifications

Regulator	Registration	Status	Date
B Michigan	Agent	Approved	02/02/2010
B Nevada	Agent	Approved	08/23/2019
B New Jersey	Agent	Approved	01/04/2010
B New York	Agent	Approved	01/04/2010
B Ohio	Agent	Approved	04/12/2013
B Pennsylvania	Agent	Approved	07/05/2012
B South Dakota	Agent	Approved	04/09/2025
B Texas	Agent	Approved	05/23/2013
B Washington	Agent	Approved	07/25/2013

Branch Office Locations

14 Penn Plaza
Suite 1316
NEW YORK, NY 10122

Employment 2 of 2

Firm Name: **RMR WEALTH MANAGEMENT**
Main Address: 14 PENN PLAZA
STE 1316
NEW YORK, NY 10122
Firm ID#: 152266

Regulator	Registration	Status	Date
IA New Jersey	Investment Adviser Representative	Approved	01/14/2010
IA New York	Investment Adviser Representative	Approved	11/29/2021

Branch Office Locations



Qualifications

RMR WEALTH MANAGEMENT

14 PENN PLAZA

STE 1316

NEW YORK, NY 10122



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 1 principal/supervisory exam, 5 general industry/product exams, and 2 state securities law exams.

Principal/Supervisory Exams

	Exam	Category	Date
	General Securities Principal Examination (S24)	Series 24	02/01/2006

General Industry/Product Exams

	Exam	Category	Date
	Operations Professional Examination (S99TO)	Series 99TO	01/02/2023
	Investment Banking Registered Representative Examination (S79TO)	Series 79TO	01/02/2023
	Securities Industry Essentials Examination (SIE)	SIE	10/01/2018
	National Commodity Futures Examination (S3)	Series 3	12/03/2010
	General Securities Representative Examination (S7)	Series 7	05/26/1999

State Securities Law Exams

	Exam	Category	Date
	Uniform Investment Adviser Law Examination (S65)	Series 65	11/27/2021
	Uniform Securities Agent State Law Examination (S63)	Series 63	06/14/1999

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	07/25/2001 - 12/31/2009	MGINN, SMITH & CO., INC.	CRD# 8453	NEW YORK, NY
IA	08/23/2006 - 04/01/2009	MGINN, SMITH ADVISORS LLC	CRD# 137827	ALBANY, NY
B	05/27/1999 - 05/30/2001	MERCER PARTNERS INCORPORATED	CRD# 44925	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
01/2010 - Present	DINOSAUR SECURITIES	SALES	Y	NEW YORK, NY, United States
01/2010 - Present	RMR WEALTH MANAGEMENT	INVESTMENT ADVISOR	Y	NEW YORK, NY, 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.

Name of Business: SP Capital Partners LLC
Investment-Related: Yes
Address: 601 Smith Court, Edgewater, NJ 07020
Nature of Business: Investments
Position/Title: Managing Member
Start Date: 09/2008
Hours/Month Devoted: 4 hrs/month
Hours Devoted during Business Hours: 4
Describe Duties: Investment selection and management



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

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

Reporting Source: Regulator

Regulatory Action Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Sanction(s) Sought: Other: N/A

Date Initiated: 09/23/2013

Docket/Case Number: 3-15514

Employing firm when activity occurred which led to the regulatory action: MGINN, SMITH & CO., INC.; MGINN, SMITH ADVISORS, LLC

Product Type: Other: PRIVATE PLACEMENTS

Allegations: SEC ADMIN RELEASES 33-9454, 34-70473, IA RELEASE 3674, INVESTMENT COMPANY ACT OF 1940 RELEASE 30694, SEPTEMBER 23, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("COMPANY ACT") AGAINST PHILIP S. RABINOVICH ("RABINOVICH").

THE DIVISION OF ENFORCEMENT ALLEGES THAT: RESPONDENT RABINOVICH, ALONG WITH OTHER RESPONDENTS, WERE AMONG THE TOP-SELLING BROKERS AT THEIR BROKER-DEALER/INVESTMENT ADVISER FIRM. THEY SOLD MILLIONS OF DOLLARS OF FIRM PRIVATE PLACEMENTS IN SPITE OF NUMEROUS RED FLAGS, INCLUDING A POLICY-WHICH WAS



CLEARLY INCONSISTENT WITH THE TERMS OF THE OFFERINGS-THAT REQUIRED THEM TO "REPLACE" CUSTOMERS SEEKING TO REDEEM NOTES WITH NEW CUSTOMERS BEFORE THE REDEMPTION WOULD BE HONORED. BASED ON THE CONDUCT, RESPONDENT RABINOVICH COMMITTED THE FOLLOWING VIOLATIONS: A) RABINOVICH WILLFULLY VIOLATED SECTIONS 5(A) AND (C) OF THE SECURITIES ACT BY OFFERING AND SELLING NOTES FOR WHICH NO REGISTRATION STATEMENTS WERE IN EFFECT; B) RABINOVICH WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, BY KNOWINGLY OR RECKLESSLY, OR NEGLIGENTLY, FAILING TO PERFORM REASONABLE DUE DILIGENCE TO FORM A REASONABLE BASIS FOR THE RECOMMENDATIONS TO CUSTOMERS, AND MADE MISREPRESENTATIONS AND OMISSIONS IN RECOMMENDING FOUR FUNDS AND TRUST OFFERINGS.

THE RESPONDENTS, AS ASSOCIATED PERSONS OF A BROKER-DEALER, HAD AN OBLIGATION TO CONDUCT A REASONABLE INVESTIGATION OF THE ISSUERS IN ORDER TO FORM A REASONABLE BASIS FOR ANY RECOMMENDATION TO CUSTOMERS REGARDING THE FIRM OFFERINGS. BY MAKING A RECOMMENDATION, THE RESPONDENTS IMPLICITLY REPRESENTED TO THEIR CUSTOMERS THAT THEY HAD AN ADEQUATE BASIS FOR THE RECOMMENDATION. A BROKER HAS A DUTY TO INVESTIGATE THE TRUTH OF THE REPRESENTATIONS HE MAKES TO CUSTOMERS, BECAUSE, BY VIRTUE OF HIS TITLE, CUSTOMERS ARE ENTITLED TO PRESUME THAT THE REPRESENTATIONS MADE WERE THE RESULT OF REASONABLE INVESTIGATION.

THE RESPONDENTS BLINDLY RELIED UPON THE FIRM'S PRINCIPALS, EVEN IN THE FACE OF RED FLAGS. THE RESPONDENTS, AS LICENSED SECURITIES PROFESSIONALS, KNEW OR SHOULD HAVE KNOWN THAT SECURITIES ISSUED BY SMALLER COMPANIES OF RECENT ORIGIN REQUIRE MORE THOROUGH INVESTIGATION. THEY SHOULD NOT SIMPLY PARROT THE MARKETING INFORMATION FURNISHED BY THE PRINCIPALS, PARTICULARLY IN THE FACE OF RED FLAGS. IN ADDITION, WHERE RESPONDENTS LACKED ESSENTIAL INFORMATION ABOUT AN ISSUER OR ITS SECURITIES WHEN MAKING A RECOMMENDATION, THEY FAILED TO DISCLOSE THIS FACT AS WELL AS THE RISKS THAT AROSE FROM THEIR LACK OF INFORMATION.

THE RESPONDENTS' DUE DILIGENCE, WHICH AT BEST CONSISTED OF READING THE PPMS, WAS WHOLLY INADEQUATE, DESPITE THEIR KNOWLEDGE THAT THE ISSUERS WERE COMPLETELY CONTROLLED BY THE PRINCIPALS. THERE WERE NUMEROUS RED FLAGS, MOREOVER, THAT SHOULD HAVE ALERTED THE RESPONDENTS TO THE NEED FOR A THOROUGH INVESTIGATION. INSTEAD, THE RESPONDENTS BLINDLY SOLD WHATEVER PRIVATE PLACEMENT THE PRINCIPALS TOLD THEM TO SELL.

THE RESPONDENTS ALSO MADE MATERIAL MISREPRESENTATIONS AND OMISSIONS WHEN RECOMMENDING THE FOUR FUNDS AND TRUST OFFERINGS TO THEIR CUSTOMERS.

Current Status:	Final
Action Appealed To:	SEC
Date Appeal filed:	05/21/2015
Appeal Limitation Details:	
Resolution:	Order



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	Yes
Resolution Date:	12/21/2018
Sanctions Ordered:	Cease and Desist Disgorgement Monetary Penalty other than Fines
If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?	No
(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?	No
(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or	No



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

No

Monetary Sanction 1 of 2

Monetary Related Sanction: Monetary Penalty other than Fines

Total Amount: \$7,231.84

Portion Levied against individual: \$7,231.84

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Disgorgement

Total Amount: \$53,029.00

Portion Levied against individual: \$53,029.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual:

Was any portion of penalty waived? No

Amount Waived:

Regulator Statement

SEC INITIAL DECISION RELEASE 745, FEBRUARY 25, 2015: Rabinovich willfully violated Securities Act Section 17(a)(1) and Exchange Act Section 10(b)(5) and Rule 10b-5.
IT IS ORDERED THAT PHILIP S. RABINOVICH IS SUSPENDED FOR TWELVE MONTHS FROM ASSOCIATION WITH AN INVESTMENT ADVISER, BROKER, DEALER, MUNICIPAL SECURITIES DEALER, MUNICIPAL ADVISOR, TRANSFER AGENT, OR NRSRO, AND FROM PARTICIPATING IN ANY



OFFERING OF PENNY STOCK. IT IS ORDERED THAT RABINOVICH IS PROHIBITED FOR TWELVE MONTHS FROM SERVING OR ACTING AS AN EMPLOYEE, OFFICER, DIRECTOR, MEMBER OF AN ADVISORY BOARD, INVESTMENT ADVISER OR DEPOSITOR OF, OR PRINCIPAL UNDERWRITER FOR, A REGISTERED INVESTMENT COMPANY OR AFFILIATED PERSON OF SUCH INVESTMENT ADVISER, DEPOSITOR, OR PRINCIPAL UNDERWRITER. IT IS ORDERED THAT RABINOVICH SHALL CEASE AND DESIST FROM THE VIOLATIONS OF SECTIONS 5(A), 5(C), AND 17(A) OF THE SECURITIES ACT OF 1933; AND SECTION 10(B) OF THE SECURITIES EXCHANGE ACT OF 1934 AND EXCHANGE ACT RULE 10B-5. IT IS ORDERED THAT RABINOVICH SHALL DISGORGE \$158,542, PLUS PREJUDGMENT INTEREST, AND SHALL PAY A CIVIL MONEY PENALTY FOR \$130,000. THE INITIAL DECISION WILL NOT BECOME FINAL UNTIL AN ORDER OF FINALITY.

SEC ADMINISTRATIVE PROCEEDINGS RULINGS RELEASE 2528, APRIL 9, 2015:

RESPONDENT'S MOTION TO REDUCE DISGORGEMENT WAS GRANTED. RABINOVICH IS ORDERED TO DISGORGE \$109,695, INSTEAD OF \$158,542.

SEC Admin Release 33-9790, 34-75027, IA Release 40-31644 / May 21, 2015:

On May 21, 2015 the respondent's petition for review of the administrative law judge's initial decision was granted.

On November 30, 2017, the Commission remanded the matter to the ALJ who issued the initial decision.

Administrative Proceedings Rulings Release No. 5665 / March 30, 2018:

The ALJ determined, upon reconsideration of the record and consideration of the parties' evidentiary submissions and briefing following remand, to RATIFY all actions taken in this proceeding and AMEND the ordering paragraphs in the Initial Decision.

It is ordered that Rabinovich is suspended for twelve months from association with an investment adviser, broker, or dealer. Rabinovich shall disgorge \$53,029, plus prejudgment interest.

SEC Admin Release 33-10483, 34-83076, IA Release 40-4891, Investment Company Act of 1940 Release 33073 / April 20, 2018:

Respondent has indicated that he wish to pursue an appeal and to challenge the law judge's order. The Commission will now complete its consideration of respondent's appeal.

SEC Admin Releases 33-10595, 34-84913 / December 21, 2018: Respondent has submitted an Offer of Settlement (the Offer) which the Commission has determined to accept. In view of the foregoing, the Commission deems it appropriate in the public interest to impose the sanctions agreed to in the Respondent's Offer. As a result of the negligent conduct Respondent violated Section 17(a)(2) and (3) of the Securities Act. Accordingly, it is ordered that Respondent shall cease and desist from committing or causing violations of and any future violations of Section 17(a)(2) and (3) of the Securities Act; and pay disgorgement of \$53,029 and prejudgment interest of \$7231.84.

Reporting Source:	Individual
Regulatory Action Initiated By:	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Sanction(s) Sought:	Other: N/A
Date Initiated:	09/23/2013
Docket/Case Number:	3-15514

**Employing firm when activity occurred which led to the regulatory action:**

MCGINN, SMITH & CO., INC.; MCGINN, SMITH ADVISORS, LLC

Product Type:

Other: PRIVATE PLACEMENT

Allegations:

SEC ADMIN RELEASES 33-9454, 34-70473, IA RELEASE 3674, INVESTMENT COMPANY ACT OF 1940 RELEASE 30694, SEPTEMBER 23, 2013: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMED IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 15(B) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), SECTION 203(F) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT"), AND SECTION 9(B) OF THE INVESTMENT COMPANY ACT OF 1940 ("COMPANY ACT") AGAINST PHILIP S. RABINOVICH ("RABINOVICH"). THE DIVISION OF ENFORCEMENT ALLEGES THAT: RESPONDENT RABINOVICH, ALONG WITH OTHER RESPONDENTS, WERE AMONG THE TOP-SELLING BROKERS AT THEIR BROKER-DEALER/INVESTMENT ADVISER FIRM. THEY SOLD MILLIONS OF DOLLARS OF FIRM PRIVATE PLACEMENTS IN SPITE OF NUMEROUS RED FLAGS, INCLUDING A POLICY-WHICH WAS CLEARLY INCONSISTENT WITH THE TERMS OF THE OFFERINGS-THAT REQUIRED THEM TO "REPLACE" CUSTOMERS SEEKING TO REDEEM NOTES WITH NEW CUSTOMERS BEFORE THE REDEMPTION WOULD BE HONORED. BASED ON THE CONDUCT, RESPONDENT RABINOVICH COMMITTED THE FOLLOWING VIOLATIONS: A) RABINOVICH WILLFULLY VIOLATED SECTIONS 5(A) AND (C) OF THE SECURITIES ACT BY OFFERING AND SELLING NOTES FOR WHICH NO REGISTRATION STATEMENTS WERE IN EFFECT; B) RABINOVICH WILLFULLY VIOLATED SECTION 17(A) OF THE SECURITIES ACT AND SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER, BY KNOWINGLY OR RECKLESSLY, OR NEGLIGENTLY, FAILING TO PERFORM REASONABLE DUE DILIGENCE TO FORM A REASONABLE BASIS FOR THE RECOMMENDATIONS TO CUSTOMERS, AND MADE MISREPRESENTATIONS AND OMISSIONS IN RECOMMENDING FOUR FUNDS AND TRUST OFFERINGS. THE RESPONDENTS, AS ASSOCIATED PERSONS OF A BROKER-DEALER, HAD AN OBLIGATION TO CONDUCT A REASONABLE INVESTIGATION OF THE ISSUERS IN ORDER TO FORM A REASONABLE BASIS FOR ANY RECOMMENDATION TO CUSTOMERS REGARDING THE FIRM OFFERINGS. BY MAKING A RECOMMENDATION, THE RESPONDENTS IMPLICITLY REPRESENTED TO THEIR CUSTOMERS THAT THEY HAD AN ADEQUATE BASIS FOR THE RECOMMENDATION. A BROKER HAS A DUTY TO INVESTIGATE THE TRUTH OF THE REPRESENTATIONS HE MAKES TO CUSTOMERS, BECAUSE, BY VIRTUE OF HIS TITLE, CUSTOMERS ARE ENTITLED TO PRESUME THAT THE REPRESENTATIONS MADE WERE THE RESULT OF REASONABLE INVESTIGATION. THE RESPONDENTS BLINDLY RELIED UPON THE FIRM'S PRINCIPALS, EVEN IN THE FACE OF RED FLAGS. THE RESPONDENTS, AS LICENSED SECURITIES PROFESSIONALS, KNEW OR SHOULD HAVE KNOWN THAT SECURITIES ISSUED BY SMALLER COMPANIES OF RECENT ORIGIN REQUIRE MORE THOROUGH INVESTIGATION. THEY SHOULD NOT SIMPLY PARROT THE MARKETING INFORMATION FURNISHED BY THE PRINCIPALS, PARTICULARLY IN THE FACE OF RED FLAGS. IN ADDITION, WHERE RESPONDENTS LACKED ESSENTIAL INFORMATION ABOUT AN ISSUER OR ITS SECURITIES WHEN MAKING A RECOMMENDATION, THEY FAILED TO DISCLOSE THIS FACT AS WELL AS THE RISKS THAT AROSE FROM THEIR LACK OF INFORMATION. THE RESPONDENTS' DUE DILIGENCE, WHICH AT BEST CONSISTED OF READING THE PPMS, WAS WHOLLY INADEQUATE, DESPITE THEIR KNOWLEDGE THAT THE ISSUERS WERE COMPLETELY CONTROLLED BY



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Current Status: Final

Action Appealed To: SEC

Date Appeal filed: 05/21/2015

Appeal Limitation Details:

Resolution: Decision & Order of Offer of Settlement

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Resolution Date: 01/08/2019

Sanctions Ordered: Cease and Desist
Disgorgement
Monetary Penalty other than Fines

Monetary Sanction 1 of 2

Monetary Related Sanction: Monetary Penalty other than Fines

Total Amount: \$7,231.84

Portion Levied against individual: \$7,231.84

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 01/18/2019

Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Disgorgement

Total Amount: \$53,029.00

Portion Levied against individual: \$53,029.00

Payment Plan:

Is Payment Plan Current:

Date Paid by individual: 01/18/2019

Was any portion of penalty waived? No

**Amount Waived:****Broker Statement**

Mr. Rabinovich denies the SEC's allegations of wrongdoing and has appealed the initial decision of the administrative law judge ("ALJ") to the Commission due to (1) erroneous conclusions of law that were made and applied, (2) erroneous findings that were made despite overwhelming evidence to the contrary, and (3) prejudicial error that was committed in the conduct of the hearing. There has been no final order entered by the Commission and no finding of wrongdoing by the Commission. On June 21, 2018, and prior to any final order of the SEC, the United States Supreme Court in *Lucia v. SEC*, 585 U.S. ____ (2018) held that the Commission's ALJs must be constitutionally appointed, and one who timely challenges the constitutional validity of the appointment of an officer who adjudicates his case (as Rabinovich has done here) is entitled to a new hearing before a properly appointed official who has not previously heard his case and issued an initial decision on the merits. Mr. Rabinovich contends that any new proceeding would be time-barred under 28 U.S.C. § 2462. Following the Court's decision in *Lucia*, the SEC issued an order staying all pending administrative proceedings.

_____ In September 2013, the SEC commenced proceedings against 10 individuals, including Mr. Rabinovich, before an administrative law judge (ALJ) regarding the sale of certain private placements from 2003 to 2009 at McGinn Smith & Co. ("McGinn Smith"). In June 2018, the United States Supreme Court ruled in *Lucia v. SEC*, 138 S. Ct. 2044 (2018), that, as Mr. Rabinovich had maintained throughout, the ALJs were not constitutionally appointed. As a result of the Supreme Court's ruling, the ALJ's initial, non-binding decision, issued on May 21, 2015, was nullified in its entirety, and the SEC ordered that there be a new hearing before a new, constitutionally-appointed ALJ. Moreover, the ALJ had rejected the allegation of the Division of Enforcement ("Division") that McGinn Smith brokers, including Mr. Rabinovich, were required to "replace" customers seeking to redeem notes with new customers before the redemption would be honored.

After the Supreme Court's decision in *Lucia*, the Division proposed that the proceeding be resolved on a "no admit, no deny" basis solely with respect to a negligence claim. All other claims were abandoned, including any claim that Mr. Rabinovich had acted fraudulently or had violated Sections 5(a) and (c) of the Securities Act of 1933 ("Securities Act"), or violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), or Rule 10b-5 thereunder, or Section 17(a)(1) of the Securities Act, as the SEC had originally alleged in 2013. The Division's proposed resolution did not include any suspension, bar, or monetary penalty, but did include \$53,029 in disgorgement, less than 10 percent of the amount originally claimed by the Division. (The reference to "Monetary penalty other than fines" does not refer to a penalty, but rather to prejudgment interest on the disgorgement amount.)

To avoid many more years of protracted litigation and expense, including litigating that the proceeding is barred by the statute of limitations in 28 U.S.C. § 2462, and that the ALJs are still unconstitutional on another ground (an issue not addressed by the Supreme Court), Mr. Rabinovich accepted the SEC's proposal. Mr. Rabinovich paid the settlement amount on January 16, 2019. As agreed with the Division, the settlement amount will go to the benefit of investors in the McGinn Smith private placements.



End of Report

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