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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING) Order No.: S-17-2305-17-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
) TO ENTER ORDER TO REVOKE REGISTRATION AND
Lawson Financial Corporation (CRD # 15261) and) TO DENY FUTURE REGISTRATIONS
Robert Warren Lawson (CRD # 501167),)
)
)
Respondents.)

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THE STATE OF WASHINGTON TO: Lawson Financial Corporation; and
Robert Warren Lawson

STATEMENT OF CHARGES

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Please take notice that the Securities Administrator of the state of Washington has reason to believe that there are grounds for the revocation of Lawson Financial Corporation's registration as a broker-dealer in Washington State pursuant to RCW 21.20.110(1). Further, the Securities Administrator of the state of Washington has reason to believe that there are grounds for the denial of broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications that Lawson Financial Group and Robert Warren Lawson may file in the future pursuant to RCW 21.20.110(1). The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

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1. Lawson Financial Corporation ("LFC") is a Florida corporation formed on May 17, 1984 and has a principal place of business at 3352 E. Camelback Road, Phoenix, AZ 85018. LFC is currently registered with Washington State Department of Financial Institutions as a broker-dealer and has been registered since October 14, 1997. LFC was registered with the Financial Industry Regulatory Authority ("FINRA") from August 17, 1984 until it was expelled from FINRA membership on January 31, 2017.

1 2. Robert Warren Lawson (“Lawson”) was the President, Chief Executive Officer, and Chief
2 Compliance Officer of LFC. Lawson was registered as a securities salesperson in Washington from
3 November 21, 1997 until February 3, 2017. Lawson was registered with FINRA as a general securities
4 representative, a general securities principal, a municipal securities principal, an investment banking
5 representative, a government securities principal, and a government securities representative. Lawson was
6 expelled from FINRA membership on January 31, 2017.

7 FINRA Disciplinary Proceeding

8 3. On May 16, 2016, FINRA filed Disciplinary Proceeding No. 2014043854401 against LFC, Lawson,
9 and Pamela Lawson.

10 4. On January 28, 2017, LFC, Lawson, and Pamela Lawson, submitted an Offer of Settlement to
11 FINRA. FINRA accepted the uncontested offer. On January 31, 2017, FINRA issued an Order Accepting
12 Offer of Settlement (“Order”), which contained the findings, conclusions, and sanctions as stated in the Offer
13 of Settlement. The Order immediately expelled LFC and Lawson from FINRA membership.

14 5. FINRA’s findings in the Order include the following:

- 15
- 16 a. From 2010 through 2014, LFC served as the underwriter for four bond offerings. The
17 proceeds of these bond offerings went to fund a charter school located in Arizona and two
18 assisted living facilities in Alabama. The charter school and the assisted living facilities each
19 suffered from severe financial difficulties and were unable to meet their operating expenses.
 - 20 b. LFC and Lawson were aware of these severe financial difficulties and fraudulently hid from
21 LFC customers who purchased the bonds the material facts that the bond borrowers were
22 under severe financial stress.
 - 23 c. LFC and Lawson secretly funneled millions of dollars from a Trust account to prop up the
24 financially floundering charter school and assisted living facilities.
- 25

- 1 d. LFC and Lawson made these prop up payments in an attempt to shield themselves from the
2 harm that would occur if the bond offerings defaulted including, but not limited to, potential
3 loss of customers, inability to underwrite additional municipal bond offerings, and harm to
4 LFC's and Lawson's business reputation.
- 5 e. LFC and Lawson committed fraud when they failed to disclose these prop up payments or the
6 perilous financial condition of the bond borrowers when they sold these bonds to LFC
7 customers.
- 8 f. Lawson violated the terms of the Trust, and his fiduciary duty owed to the Trust, when he
9 caused the Trust to improperly transfer more than \$14 million, about half of the Trust assets
10 held at LFC, to prop up these failing bond offerings.

11 SEC Disciplinary Proceeding

12 6. On April 5, 2017, the Securities and Exchange Commission ("SEC") instituted cease-and-desist
13 proceedings against LFC and Lawson. In anticipation of these proceedings, LFC and Lawson submitted
14 Offers of Settlement, which the SEC accepted. The Order censured LFC and barred Lawson from
15 associations with any broker, dealer, and investment adviser.

16 7. SEC's findings in the Order include the following:

- 17 a. LFC and Lawson violated certain antifraud provisions of the federal securities laws in
18 connection with LFC's underwriting of a series of fraudulent bond offerings. Specifically,
19 LFC, primarily through Lawson, conducted inadequate due diligence on these bond offerings.
20 As a result, LFC and Lawson failed to form a reasonable basis for believing the truthfulness
21 of material statements in the official statements for the bond offerings.
- 22 b. LFC violated, and Lawson aided and abetted in the violation of, the Exchange Act, and the
23 Federal rule thereunder, when it failed to obtain a Continuing Disclosure Agreement for one
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1 of the bond offerings. A Continuing Disclosure Agreement is the written agreement to
2 provide annual financial information and event notices as required to be submitted to the
3 Municipal Securities Rulemaking Board (MSRB).

4 Based upon the above Findings of Fact, the following Conclusions of Law are made:

5 **CONCLUSIONS OF LAW**

6 1. The FINRA order described above constitutes an order entered, after notice and opportunity for
7 hearing, by a self-regulatory organization expelling Lawson Financial Corporation and Robert Warren
8 Lawson from membership in its organization. Lawson Financial Corporation and Robert Warren Lawson's
9 expulsion constitutes grounds for the denial, suspension, and revocation of their application or registration of
10 any broker-dealer, salesperson, investment adviser representative, or investment adviser pursuant to RCW
11 21.20.110(1)(e)(iii).

12 2. The SEC order described above constitutes an order entered, after notice and opportunity for hearing,
13 by the SEC barring Robert Warren Lawson from association with any broker, dealer, and investment adviser
14 for a period of at least three years. Robert Warren Lawson's bar constitutes grounds for the denial,
15 suspension, and revocation of his application or registration of any broker-dealer, salesperson, investment
16 adviser representative, or investment adviser pursuant to RCW 21.20.110(1)(e)(i).

17 3. The SEC order described above constitutes an order entered, after notice and opportunity for hearing,
18 by the SEC against Lawson Financial Corporation, a broker-dealer. Lawson Financial Group's SEC order
19 constitutes grounds for the denial, suspension, and revocation of its application or registration of any broker-
20 dealer or investment adviser pursuant to RCW 21.20.110(1)(e)(ii).

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NOTICE OF INTENT TO REVOKE REGISTRATION

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the broker-dealer registration of Lawson Financial Group be revoked.

NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that any broker-dealer, securities salesperson, investment adviser, or investment adviser representative registration applications Robert Warren Lawson may file in the future be denied.

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that any broker-dealer or investment adviser registration applications Lawson Financial Group may file in the future be denied.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The respondents, Lawson Financial Corporation and Robert Warren Lawson, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order as to that respondent.

Signed and Entered this 9th day of November, 2017.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement

Brian J. Guerard
Financial Legal Examiner

Reviewed by:



Jack McClellan
Financial Legal Examiner Supervisor

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