

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING  
5 Whether there has been a violation of the  
6 Securities Act of Washington by:

7 Moghis Uddin Mohammad (CRD # 4912020),  
8 Joshua Michael Label (CRD # 5032599), Vita  
9 Intellectus, LLC (CRD # 159164), Bryton Shaun  
10 Stephens (CRD # 5957183), and Vita Intellectus  
11 Institutional, Inc. (CRD # 306427),  
12 Respondents.

Order No.: S-19-2806-21-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENT TO  
ENTER ORDER TO CEASE AND DESIST,  
TO IMPOSE FINES,  
AND TO CHARGE COSTS

9 THE STATE OF WASHINGTON TO: Moghis Uddin Mohammad (CRD # 4912020)  
10 Joshua Michael Label (CRD # 5032599)  
11 Vita Intellectus, LLC (CRD # 159164)  
12 Bryton Shaun Stephens (CRD # 5957183)  
13 Vita Intellectus Institutional, Inc. (CRD # 306427)

14 **STATEMENT OF CHARGES**

15 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
16 that Respondents Moghis Uddin Mohammad (CRD # 4912020), Joshua Michael Label (CRD # 5032599),  
17 Vita Intellectus, LLC (CRD # 159164), Bryton Shaun Stephens (CRD # 5957183), and Vita Intellectus  
18 Institutional, LLC (CRD # 306427), (collectively, "Respondents"), have each violated the Securities Act of  
19 Washington. The Securities Administrator believes those violations justify the entry of an order against the  
20 Respondents to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390 and  
21 impose fines pursuant to RCW 21.20.395. The Securities Administrator finds as follows:

22 **TENTATIVE FINDINGS OF FACT**

23 **Respondents**

1. Moghis "Maurice" Uddin Mohammad (CRD # 4912020) ("Uddin") is a resident of Redmond,  
Washington. Uddin was a managing member and majority owner of Vita Intellectus, LLC. Uddin was

1 registered as an investment advisor representative for multiple firms between approximately February 2005  
2 and March 2020.

3 2. Joshua “Josh” Michael Label (CRD # 5032599) (“Label”), is a resident of Bothell,  
4 Washington. Label was the president, chief compliance officer, and minority owner of Vita Intellectus,  
5 LLC. Label was registered as an investment advisor representative for multiple firms between  
6 approximately November 2005 and April 2020.

7 3. Vita Intellectus, LLC (CRD # 159164) was a Washington entity formed on October 14, 2011.  
8 Formerly known as ULT Wealth Advisors, it changed its name to Vita Intellectus in approximately January  
9 2017. At various times since its formation, Vita Intellectus has been registered as an investment adviser  
10 with the Securities Division and the Securities and Exchange Commission (“SEC”). It was administratively  
11 dissolved by the Washington Secretary of State on March 3, 2021.

12 4. Bryton Shaun Stephens (CRD # 5957183) (“Stephens”) is a resident of Bothell, Washington.  
13 Stephens was an employee of Vita Intellectus and then president of Vita Intellectus Institutional, LLC when  
14 it was formed in October 2019. Stephens was registered as an investment adviser representative between  
15 approximately April 2019 and April 2020.

16 5. Vita Intellectus Institutional, Inc. (CRD # 306427) was a Washington entity formed on  
17 October 3, 2019. Vita Intellectus Institutional applied for registration as an investment adviser with the  
18 Securities Division in approximately March 2020. It was administratively dissolved by the Washington  
19 Secretary of State on March 3, 2021.

20 6. Hereinafter, the term “Vita Respondents” shall refer to Respondents Uddin, Label, and Vita  
21 Intellectus, and the term “VI Institutional Respondents” shall refer to Respondents Label, Stephens, and  
22 Vita Intellectus Institutional.

## Nature of the Conduct

7. The Vita Respondents provided portfolio management and asset advice services to a mostly-Washington state-based clientele. In the latter half of 2018, their client list ranged between approximately 130 and 145 clients. Clients ranged the spectrum of investment objectives and financial needs, from early-career investors intending to grow their assets to retirees relying on their portfolio to cover their living expenses or to pass on wealth to their children.

8. Respondents Uddin and Label structured their firm so that Label was primarily responsible for client-facing and compliance functions, and Uddin was primarily responsible for managing and executing trades in clients' portfolios.

9. Respondent Label would meet with clients to assess their financial objectives and risk tolerance, which could be assessed over multiple meetings. Label would walk clients through the firm's investment strategy for client accounts. Label told clients that their funds would be in three "buckets": most commonly, Label stated that the buckets were segregated between cash or cash equivalents, bonds, and stocks, but for at least one client these buckets were segregated between low-risk, medium-risk, and high-risk investments.

10. Respondent Label told clients that funds would be moved between buckets to take advantage of market opportunities, and that market downturns would see more funds moved into the cash bucket. Respondent Label gave clients various figures for the amount of their assets that were in cash or cash equivalents.

11. Respondent Label discussed with some clients from the start of their client relationship the potential for their assets to be traded using a "high frequency trading" (HFT) strategy. While HFT strategies are generally understood to involve close to split-second executions by computer programs to achieve gains or limit losses, here the HFT strategy, which was also referred to as a "high volume trading" strategy,

1 involved Respondent Uddin manually reviewing market trends and deciding to buy and sell blocks of  
2 securities during the same trading day. The gains and/or losses would then be allocated across clients'  
3 accounts.

4 12. Respondent Label did not discuss HFT with other clients, and these clients were told that the  
5 assets allocated for equity purchases were invested for long-term gains, with some variability for current  
6 market conditions.

7 13. All clients were provided a brochure by Respondent Label ("ADV Brochure"). The Vita  
8 Respondents were required to provide the ADV Brochure as part of the firm's registration requirements  
9 under state and federal law. An ADV Brochure is the primary way an investment adviser discloses key  
10 information about the firm to prospective and continuing clients. This brochure requirement is intended to  
11 allow investors to access clear and understandable information about the firm's investment strategies,  
12 conflict of interests, and the background of the firm and its personnel.

13 14. In its ADV Brochure, the Vita Respondents disclosed three services they provided: a  
14 Comprehensive Wealth Advisory Service, a Private Client Group service, and an Asset Management  
15 service. The Vita Respondents described their Comprehensive Wealth Advisory Service as follows:

16 Our Comprehensive Wealth Advisory Service encompasses asset management as well as  
17 providing financial planning/financial consulting to clients for a single advisory fee. It is  
18 designed to assist clients in meeting their financial goals through the use of financial  
19 investments. We conduct at least one, but sometimes more than one meeting (in person if  
20 possible, otherwise via telephone conference) with clients in order to understand their current  
21 financial situation, existing resources, financial goals, and tolerance for risk. Based on what we  
22 learn, we propose an investment approach to the client. We may propose an investment  
23 portfolio, consisting of exchange traded funds, mutual funds, individual stocks or bonds, or  
other securities. Upon the client's agreement to the proposed investment plan, we work with the  
client to establish or transfer investment accounts so that we can manage the client's portfolio.  
Once the relevant accounts are under our management, we review such accounts on a regular  
basis and at least quarterly. We may periodically rebalance or adjust client accounts under our  
management. If the client experiences any significant changes to his /her financial or personal  
circumstances, the client must notify us so that we can consider such information in managing  
the client's investments.

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15. The Vita Respondents disclosed that their Private Client Group service was offered to “qualified clients.” For this service, qualified clients would be offered the Vita Respondents’ Comprehensive Wealth Advisory Service as described above, but would be charged an additional performance fee for it. A qualified client is a defined term under federal and state regulation which required the client to, at the time of the relevant conduct, to have at least \$1 million in assets under management with the investment adviser or have a net worth of at least \$2 million, not including the value of the client’s primary residence.

16. The Vita Respondents described their Asset Management Service as follows:

As part of our Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Assets are managed by our firm on a discretionary or non-discretionary basis, as indicated in the signed client agreement.

17. The Vita Respondents disclosed a number of investment strategies that they could engage in, “provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.” As disclosed by the Vita Respondents, these strategies were: Long-Term Purchases: (Securities Held At Least a Year); Short-Term Purchases; Trading; High Frequency Trading (HFT); Short Sales; Margin Transactions; and Option Writing. These strategies varied in risk, and would require the Vita Respondents analyze which ones were in their clients’ best interests.

18. The Vita Respondents specifically disclosed the following for their use of HFT:

We utilize HFT for our Private Client Group. High frequency trading is characterized by a high number of orders and transactions, and a low average profit per trade. Typical position holding

1 periods for HFT strategies range from a few seconds to a few hours. In most cases, positions  
2 are not held overnight. Identifying and capitalizing on temporary market inefficiencies, HFT  
3 relies on highly sophisticated technology infrastructures and massive amounts of intra-day  
4 market data. Although HFT can be applied to any sufficiently liquid electronically-traded  
5 financial instrument, most active HFT strategies currently operate in equity foreign exchange  
6 and derivatives markets.

7 We maintain up to 25% of the clients' holdings as a satellite portfolio for short term market  
8 swings depending on market conditions. Frequency of trading could range from intraday, to  
9 daily, to weekly, up to a month for holding times depending on market conditions. These  
10 strategies are deployed in highly volatile positions to try to capture the spreads and opportunities  
11 available in the high volatile positions.

12 19. Until approximately September 2018, a larger number of accounts were traded by the Vita  
13 Respondents in a long-term holding strategy consistent with the strategies outlined in client meetings and  
14 the disclosures made in the ADV Brochure.

#### 15 **Change of Custodians**

16 20. Until September 2018, client accounts that were traded by the Vita Respondents were held at  
17 Custodian #1, a large multinational financial services firm. At Custodian #1, a client account had to hold  
18 at least \$110,000 in investable assets before the Vita Respondents traded it in a HFT strategy.

19 21. In approximately May 2018, Custodian #1 detected unusual trading activity in accounts  
20 managed by the Vita Respondents. Specifically, Custodian #1 suspected that positive trades were being  
21 intentionally allocated to favored client accounts, a concept known as “cherry-picking.” Cherry-picking is  
22 a violation of state and federal securities laws and inconsistent with an investment adviser’s fiduciary duty  
23 to its clients.

24 22. Custodian #1 questioned the Vita Respondents about their allocation practices, but found  
25 that the Vita Respondents could not adequately explain their conduct. In approximately August 2018,  
26 Custodian #1 told the Vita Respondents that it was terminating their access to its investment management  
27 platform and that they would lose access in November 2018.



1 27. For those clients with which they did discuss trading their accounts according to a HFT  
2 strategy, the Vita Respondents did not disclose the specific risks of HFT strategies, including increased  
3 trading fees, increased exposure to losses, and the reliance of the strategy on market timing.

4 28. These actions and omissions made the Vita Respondents' ADV Brochure, as delivered to  
5 their clients, misleading.

6 29. Additionally, the Vita Respondents' traded client assets in this riskier strategy despite  
7 clients' specific statements and risk profiles to the contrary. For example, Client #1, who was 60+ at the  
8 time, had recently lost her job, had trouble finding new employment, and previously emailed to  
9 Respondent Label that she wanted an "income-generating and conservative approach" for her  
10 investments. The majority of Client #1's assets were in her tradable accounts managed by the Vita  
11 Respondents, and in 2018 she reported only \$9,600 in income. Client #2, a retired couple who had worked  
12 as government employees and also had the majority of their assets in tradeable accounts managed by the  
13 Vita Respondents, repeatedly expressed their misgivings with the HFT trading strategy, and, in the  
14 months before they ended their client relationship with the Vita Respondents, told them to cease "day  
15 trading" in their accounts. The Vita Respondents ignored these concerns and explicit directives.

16 30. The Vita Respondents' clients who were traded in this strategy immediately began to see  
17 losses after the Vita Respondents began to trade their assets on Custodian #2's platform.

18 31. These losses were a result of the Vita Respondents' HFT strategy, as well their decision to  
19 hold certain riskier financial products, known as leveraged ETFs, in clients' accounts. Leveraged ETFs  
20 are a type of electronically traded fund that magnify the gains or losses of the index to which the fund is  
21 tied. For example, one of the leveraged ETFs in which the Vita Respondents commonly invested, the  
22 "Direxion Daily Small Cap Bull 3X ETF," was tied to the performance of the Russell 2000 Index, which  
23 tracked the performance of the 2000 stocks with the smallest market capitalization on the Russell 3000



1 Index. As a 3X ETF, it exposes investors to 300% positive or negative return on the benchmark index for  
2 a single day. At the end of a trading day, the EFT rebalances, meaning that the fund manager modifies the  
3 holdings of the ETF to keep it consistent with its objective of maintaining this 300% exposure. This  
4 means that holding the leveraged ETF for multiple trading days decouples the investor's exposure from  
5 that of the fund, giving them potentially much more or much less exposure depending on the movement  
6 of the market.

7 32. These risks were disclosed by the ETF's prospectus at the time, which included statements  
8 such as:

9 The Direxion Daily Small Cap Bull 3X Shares (the "Fund") seeks daily leveraged investment  
10 results and is very different from most other exchange-traded funds. As a result, the Fund may  
11 be riskier than alternatives that do not use leverage because the Fund's objective is to magnify  
12 the daily performance of the Russell 2000® Index (the "Index"). This means that the return of  
13 the Fund for a period longer than a trading day will be the result of each trading day's  
14 compounded return over the period, which will very likely differ from 300% of the return of  
15 the Index for that period. As a consequence, longer holding periods, higher volatility of the  
16 Index and greater leverage increase the impact of compounding on an investor's returns. During  
17 periods of higher Index volatility, the volatility of the Index may affect the Fund's return as  
18 much as, or more than, the return of the Index. Further, the return for investors that invest for  
19 periods less than a trading day will not be 300% of the performance of the Index for the trading  
20 day.

21 33. Similar disclosures were made in the prospectuses of other ETFs traded by the Vita  
22 Respondents, and a longstanding investor alert jointly issued by the SEC and the Financial Industry  
23 Regulatory Authority explains the risks of these products, including that, "because leveraged and inverse  
ETFs reset each day, their performance can quickly diverge from the performance of the underlying index  
or benchmark. In other words, it is possible that you could suffer significant losses even if the long-term  
performance of the index showed a gain."

34. Despite the fund sponsors' disclosures and regulatory risk alerts, the Vita Respondents  
consistently held these types of products in their clients' accounts for much longer than a single trading

1 day. Additionally, the Vita Respondents did not disclose to their clients the role of leveraged ETFs in their  
2 investment strategies, the manner in which they were used, and the resulting risks that were involved. The  
3 Vita Respondents also did not disclose to clients that they were holding leveraged ETFs for weeks at a  
4 time, and furthermore, that this was inconsistent with the client's risk profile.

5 35. For example, at the end of November 2018, the Vita Respondents had invested 53.8% of  
6 Client #1's remaining tradeable assets in leveraged ETFs, including 607 shares in the Direxion Daily  
7 Small Cap Bull 3X ETF. These 607 shares were worth \$36,665.90, which at this point already constituted  
8 a \$22,148.36 unrealized loss for Client #1 in that position. From then, the Vita Respondents purchased 210  
9 shares of the ETF on December 3, 2018, sold 317 shares the same day, purchased 534 shares on  
10 December 4, 2018, and then held all of those shares until December 21, 2018, when they sold 934 shares  
11 for a realized loss of \$45,368.57. Similar activity occurred with other leveraged ETFs in Client #1's  
12 account, and that, combined with the HFT strategy, resulted in a \$245,883.74 realized loss for Client #1  
13 that month, adding to the trading losses Client #1 had already sustained because of the Vita Respondents'  
14 trading activity during this time period.

15 36. The above trading decisions came after the Vita Respondents had already incurred  
16 substantial realized and unrealized losses in client accounts by the end of October 2018. For example,  
17 Client #1 had seen account losses in October 2018 in the amount of \$165,130.46, or approximately  
18 22.35% of her accounts' value.

19 37. Between September and December 2018, because of the Vita Respondents' trading  
20 decisions and management fees, Client #1 sustained \$383,021.12 in realized losses, or about 49.93% of  
21 her assets in the accounts that the Vita Respondents managed. Other clients lost substantial proportions of  
22 their assets due to Vita Respondents' trading decisions and fees. Client #2 realized losses of \$268,109.70,  
23 or about 35.95%, in their accounts, and Client #3, who were also a retired couple and around their 70s,

1 realized losses about \$555,084.36, or about 34.2% of their account value. Client #4, one retired and one  
2 still working, realized losses about \$711,195.69, or about 42.45% of their account assets managed by the  
3 Vita Respondents, during this four-month period.

#### 4 **Lulling and Deflective Conduct**

5 38. As clients began to complain about their account losses during this period, the Vita  
6 Respondents deflected attention away from its trading strategy onto political and macroeconomic events.  
7 In meetings, Respondent Label told clients that the losses were the result of market reactions to statements  
8 made by the Federal Reserve chair or the U.S. president at the time. The Vita Respondents reinforced this  
9 view by sending an email to their client list with the same talking points. This email, dated December 7,  
10 2018, stated:

11 Markets are dealing with a tremendous amount of cross currents, news and important  
12 headlines. Tariffs, Interest rates, and Brexit's. As discussed in an earlier note the U.S.  
13 economy is in pretty good shape, however, there is a lack of clarity coming from multiple  
14 sources. Furthermore, the headlines, statements, communications and tweets coming out  
15 of the White House for the last 10-12 weeks regarding China and the Trade War have  
16 disrupted people's confidence in what to believe. This temporary state of confusion is  
17 making people feel like they are walking on eggshells, however, we believe there will not  
18 be a full-blown Trade War, and a more diplomatic solution will be reached.

19 39. This email also furthered the Vita Respondents' misrepresentations that they were trading  
20 client accounts according to the three-bucket strategy they had discussed with clients, instead of the HFT  
21 strategy in which they were now trading most client accounts:

22 We believe it is our job to lead you through all situations and be your guiding light when it is  
23 most needed. This situation will be similar in nature to all challenges it will pass and calm,  
disciplined investors will prevail. When market corrections happen like this sometimes, they  
last longer and have short term severe price movements. At first it feels bad, and can be scary.  
Later on, the discipline to invest in bad time pays off in the form of investment gains. We  
Completely understand it is more enjoyable when markets work in our favor, however, we must  
also know that occasionally markets show their ugly face. It is in the ugly times, we lay the  
foundation for future success. This is precisely why we have our needs-based philosophy (three  
buckets).

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40. The Vita Respondents omitted and failed to take responsibility for their trading strategy as the cause of their clients' losses. While market indices were down during this period of time, the Vita Respondents' magnified their clients' losses by engaging in high-risk trading behavior. For example, the Dow Jones Industrial Average was down about 9.98% in this four-month period, the S&P 500 was down about 13.34%, and the NASDAQ Composite Index was down by about 17.96%. Even using the most negative index, these trading decisions caused losses for their clients substantially above that of the index.

41. By telling clients that their losses were due to political and macroeconomic forces, rather than the Vita Respondents' trading decisions, the Vita Respondents deprived their clients of key information regarding the client relationship, also breaching their fiduciary duty to their clients. The information of which clients were deprived included the performance of the Vita Respondents' trading strategy, as well as the risk to which the Vita Respondents' had exposed client accounts.

#### **Vita Intellectus Institutional**

42. For the clients that remained, Respondents provided various reasons over the next year for their account losses, and multiple clients instituted private litigation against Respondents and Custodians #1 and #2.

43. In approximately February 2020, Custodian #2 terminated the Vita Respondents' access to its platform, depriving them of the ability to directly manage client accounts. In this same time period, Respondents Uddin and Label decided to close Respondent Vita Intellectus. However, Respondents Label and Stephens were not yet finished trying to manage its clients' money, and transitioned clients over to Respondent Vita Intellectus Institutional.

1 44. Respondent Stephens was principal and chief compliance officer of Respondent Vita  
2 Intellectus Institutional, and Respondent Label was its chief executive officer. Respondent Vita Intellectus  
3 Institutional applied to the Securities Division to register as a state-level investment adviser.

4 45. Unlike Respondent Vita Intellectus, Respondent Vita Intellectus Institutional did not directly  
5 trade client accounts, but instead recommended trades for clients. Clients would then execute these trades  
6 on their own. Similar to Respondent Vita Intellectus' move between Custodians #1 and #2, the VI  
7 Institutional Respondents failed to disclose to clients that they were barred from using two investment  
8 management platforms. The VI Institutional Respondents instead communicated with clients in a dishonest  
9 and misleading manner.

10 46. In an email sent to clients by the VI Institutional Respondents, they stated:

11 Thank you for taking the time to read this letter. At Vita Intellectus we have always strived to  
12 be at the forefront of change. The industry and been moving towards open architecture Wealth  
13 Advisory or true holistic wealth advisory. What this means is a true and complete look at your  
14 assets beyond your investments accounts. With this in mind we are going to be shifting away  
15 from direct asset management and do business in an exciting and comprehensive way, with our  
16 fee only Wealth Advisory. We have determined with the recent market liquidity issues and  
17 other reason we are discontinuing direct asset management. Starting on March 1st we will no  
18 longer have [Custodian #2] as our Custodian, you are welcome and encouraged to stay with  
19 [Custodian #2] if you want, or open an account with any custodian you choose and we would  
20 be happy to assist with the transfers.

21 What this means is we are decoupling from the traditional model. We will be conducting  
22 business through Vita Intellectus Institutional, doing business as VI Institutional, an affiliated  
23 advisor, going forward.

We will continue to provide advice on all your assets, which goes well beyond your investment  
accounts! We want to have a fee only relationship with clients and the ability to have clients  
keep their funds, accounts, resources, wherever they feel comfortable. We will continue to  
provide holistic advice as many of you have experienced, from business, to real estate,  
investment accounts, and goal oriented advisory solutions focused on bringing simplicity to the  
complexities of your life. This allows our advisors to continue to provide objective advice and  
solutions for you which we believe is always best! The key difference is we will not be  
managing the funds on a day to day basis, however, we will be monitoring and providing  
guidance. In order for us to change the investments moving forward we will login with you and

1 walk you through any changes that need to be made. There will be a few additional steps  
2 required however; we believe this will be well worth it in the long run.

3 47. Relatedly, the ADV Brochure the VI Institutional Respondents filed did not disclose that  
4 Respondent Label could not directly manage accounts on these platforms, even though this was material  
5 information for clients to know when determining whether to use their services.

6 48. Although its state registration had not been approved, the VI Institutional Respondents  
7 continued to act as an investment adviser and investment adviser representatives to their clients. They  
8 executed contracts with clients to provide investment management advice, continued to charge and collect  
9 fees for their services, and held themselves out as investment advisers or investment adviser  
10 representatives to the public through their website and other communication channels. They also  
11 continued to state that they were registered in Washington.

12 49. The VI Institutional Respondents continued this activity until the Securities Division sent a  
13 cease-and-desist letter in approximately September 2020. To the Securities Division's knowledge, the VI  
14 Institutional Respondents complied with this letter and subsequently ceased any investment management  
15 activities.

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

17 **CONCLUSIONS OF LAW**

18 1. Respondents have each violated RCW 21.20.010(2) because, as set forth in the Tentative  
19 Findings of Fact, they made untrue statements of material facts or omitted to state material facts necessary  
20 in order to make the statements made, in the light of the circumstances under which they are made, not  
21 misleading;

1           2.       Respondents have each violated RCW 21.20.010(3), because, as set forth in the Tentative  
2 Findings of Fact, they engaged in acts, practices, or courses of business which operate as a fraud or deceit  
3 upon any person;

4           3.       Respondents have each violated RCW 21.20.020(1)(b), because, as set forth in the Tentative  
5 Findings of Fact, they engaged in acts, practices, or courses of business which operates or would operate as  
6 a fraud or deceit upon the other person while receiving consideration from the party primarily for advising  
7 the other person as to the value of securities or their purchase or sale;

8           4.       Respondents have each violated RCW 21.20.020(1)(c), because, as set forth in the Tentative  
9 Findings of Fact, they engaged in dishonest and unethical practices as the director may define by rule while  
10 receiving consideration from the other party primarily for advising the other person as to the value of  
11 securities or their purchase or sale;

12               a. Respondents have each violated WAC 460-24A-220 by breaching their fiduciary duties to  
13 their clients;

14               b. Respondents have each violated WAC 460-24A-220(8) by misrepresenting to any advisory  
15 client the nature of the advisory services being offered or fees to be charged for such service, or to omit to  
16 state a material fact necessary to make the statements made regarding qualifications, services or fees, in  
17 light of the circumstances under which they are made, not misleading;

18               c. Respondents have each violated WAC 460-24A-220(20) by engaging in acts, practices, or  
19 courses of business which are fraudulent, deceptive, manipulative or unethical.

20           5.       Respondents Label, Uddin, and Vita Intellectus have each violated RCW 21.20.702 by  
21 recommending to customers the purchase, sale, or exchange of a security without having reasonable  
22 grounds for believing that the recommendation is suitable for the customer upon the basis of the facts  
23 disclosed by the customer as to their other security holdings and as to their financial situation and needs.

1           6.       Respondents Label, Stephens, and Vita Intellectus Institutional have each violated RCW  
2 21.20.040(3) for transacting business in this state as an investment adviser or investment adviser  
3 representative without registration.

4                           **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

5           Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities  
6 Administrator intends to order, pursuant to RCW 21.20.390(1), that Respondents Label, Uddin, Vita  
7 Intellectus, Vita Intellectus Institutional, and their agents and employees, shall each cease and desist from  
8 violations of RCW 21.20.010, RCW 20.20.020, WAC 460-24A-220, and RCW 21.20.702, and that  
9 Respondents Label, Stephens, and Vita Intellectus Institutional, and their agents and employees, shall each  
10 cease and desist from violations of RCW 21.20.020(3), WAC 460-24A-220, and RCW 21.20.040(3).

11                           **NOTICE OF INTENT TO DENY FUTURE REGISTRATION**

12           Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and  
13 Conclusions of Law, the Securities Administrator intends to deny any investment adviser, broker-dealer,  
14 investment adviser representative, or securities salesperson applications for registration that Respondents  
15 Label and/or Uddin may file in the future.

16                           **NOTICE OF INTENT TO IMPOSE FINES**

17           Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
18 the Securities Administrator intends to order that Respondents Label, Uddin, and Vita Intellectus shall be  
19 jointly and severally liable for and shall pay a fine of \$720,000.00. Respondents Stephens and Vita  
20 Intellectus Institutional shall be jointly and severally liable for and shall pay a fine of \$20,000.00.

21                           **NOTICE OF INTENT TO CHARGE COSTS**

22           Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
23 the Securities Administrator intends to order that Respondents Label, Uddin, and Vita Intellectus shall be



1 jointly and severally liable for and shall pay the costs, fees, and other expenses incurred in the administrative  
2 investigation and hearing of this matter, in an amount not less than \$109,250.00. Respondents Stephens and  
3 Vita Intellectus Institutional shall be liable for and shall pay the costs, fees, and other expenses incurred in  
4 the administrative investigation and hearing of this matter, in an amount not less than \$5,000.00.

5 **AUTHORITY AND PROCEDURE**

6 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject  
7 to the provisions of Chapter 34.05 RCW. Respondents may each make a written request for a hearing as set  
8 forth in the Notice of Opportunity for Hearing accompanying this Order. If a Respondent does not make a  
9 hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative  
10 Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to  
11 that Respondent, to deny any future registration as to that Respondent, to impose any fines sought against  
12 that Respondent, and to charge any costs sought against that Respondent.

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14 Signed and Entered this 23rd day of March, 2022.

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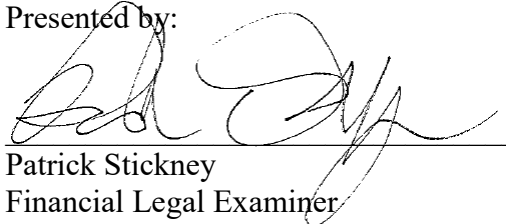
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19 \_\_\_\_\_  
William M. Beatty  
Securities Administrator

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21 Approved by:

22 

23 \_\_\_\_\_  
Brian J. Guerard  
Chief of Enforcement

Presented by:

24 

\_\_\_\_\_

Patrick Stickney  
Financial Legal Examiner