

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

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

5 Narongdej Jaroensabphayanont dba NMJ
Group,

6 Respondent.

Order No. S-20-2913-21-SC01

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND
DESIST, TO DENY FUTURE REGISTRATIONS, TO
IMPOSE A FINE, AND TO CHARGE COSTS

7 **THE STATE OF WASHINGTON TO:**

Narongdej Jaroensabphayanont dba NMJ Group
(CRD No.5393272)

8 **STATEMENT OF CHARGES**

9
10 Please take notice that the Securities Administrator of the state of Washington has reason to believe
11 that Respondents Narongdej Jaroensabphayanont dba NMJ Group violated the Securities Act of
12 Washington. The Securities Administrator believes these violations justify the entry of an order against
13 Respondents Narongdej Jaroensabphayanont dba NMJ Group to cease and desist from such violations, to
14 impose a fine, and to charge costs pursuant to RCW 21.20.110, RCW 21.20.390, and RCW 21.20.395. The
15 Securities Administrator finds as follows:

16 **TENTATIVE FINDINGS OF FACT**

17 **Respondents**

18
19 1. Narongdej Jaroensabphayanont dba NMJ Group (Jaroensabphayanont or NMJ Group) resides
20 in Seattle, WA. Jaroensabphayanont is the sole proprietor of NMJ Group. From May 2008 to November
21 2019, Jaroensabphayanont was registered as a securities salesperson with Voya Financial Advisors, Inc.
22 (CRD 5393272). In October 2019, the Securities Division performed an examination of
23 Jaroensabphayanont's Voya Financial Advisors, Inc. branch office. During this examination, the Securities

1 Division discovered that Jaroensabphayanont was using a non-existent or self-conferred doctoral degree
2 (PhD) on firm branded business cards and email signatures. In November 2019, Voya terminated
3 Jaroensabphayanont because the firm no longer wished to supervise him. In September 2020, FINRA sent
4 Jaroensabphayanont two notice of suspension letters. In December 2020, Jaroensabphayanont was barred
5 by FINRA from association with any FINRA member in all capacities because Jaroensabphayanont failed
6 to request termination of his suspension within three months of the date of the notice. Jaroensabphayanont
7 has never been licensed as an investment adviser or investment adviser representative. Jaroensabphayanont
8 issues securities in the form of promissory notes.

9 **Related Party**

10 2. Voya Financial Advisors, Inc. f/k/a ING Financial Partners (Voya Financial Advisors or ING
11 Financial) is a licensed broker/dealer in the state of Washington.

12 **Nature of the Conduct**

13 **Overview**

14 3. From 2014 to 2020, Jaroensabphayanont raised at least \$200,000 from six Washington
15 investors through the sale of unregistered securities in the form of promissory notes. Jaroensabphayanont
16 made material misrepresentations to the investors about the use of their investment funds and failed to
17 disclose to investors that he would use the funds towards personal expenses. Jaroensabphayanont also
18 engaged in dishonest and unethical practices in the securities business at the time he was registered as a
19 securities salesperson in Washington State when he deceived investors, sold away, and borrowed funds
20 from a customer.

21 **Offer and Sale of Promissory Notes**

22 4. From 2014 to 2020, Jaroensabphayanont sold at least \$200,000 worth of securities in the form
23 of promissory notes to at least six Washington investors. Jaroensabphayanont sometimes called these

1 promissory notes Structure Index Link agreements. Individual investments ranged from \$7,000 to \$40,000.
2 The term of each promissory note was between six months and two years. The interest rate varied, but was
3 anywhere from 1.5-2.0% monthly to 10-12% annually.

4 5. Jaroensabphayanont misrepresented to investors that their investments would go to fund local
5 businesses and restaurants. In reality, Jaroensabphayanont did not invest in local businesses and restaurants.
6 Rather, Jaroensabphayanont used the funds for other purposes including paying back personal loans and
7 paying down a personal credit card. Jaroensabphayanont failed to disclose to investors that their investment
8 funds would go towards paying back his personal expenses.

9 6. Generally, investors paid Jaroensabphayanont for their investment via check written out to
10 NMJ Group. At least one investor paid a portion of their investment in cash.

11 7. Investors trusted Jaroensabphayanont with their investment funds in part due to his good
12 reputation in the Seattle Thai community. Jaroensabphayanont is a member of the Thai Association of
13 Washington and a board member of the Asia Pacific Cultural Center.

14 8. In an effort to induce people to invest, Jaroensabphayanont would sometimes provide
15 investors with a check written from the NMJ Group account in the amount of their investment principal.
16 Jaroensabphayanont post-dated these checks to the date the promissory note became due. At least three
17 investors have attempted to cash these checks at a bank when they became due, but were told by the bank
18 that the NMJ Group account had insufficient funds.

19 9. Jaroensabphayanont failed to disclose any risks associated with these investments including
20 the risk of total investment loss.

21 10. Jaroensabphayanont has repaid investors approximately \$58,000 of the \$200,000 he raised.
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23

1 **Unregistered Securities Salesperson**

2 11. Since November 8, 2019, Jaroensabphayanont has not been a registered securities salesperson
3 and/or broker-dealer in Washington State.

4 12. In May 2020, Jaroensabphayanont sold two investors, a married couple, a \$10,000 promissory
5 note investment. The investors paid Jaroensabphayanont with a check made out to NMJ Group. At the time
6 of this securities sale, Jaroensabphayanont was not registered as a securities salesperson and/or broker-
7 dealer in Washington State.

8 **Holding Out as an Investment Adviser**

9 13. Jaroensabphayanont has never been a licensed investment adviser. Despite this fact,
10 Jaroensabphayanont represented to investors that he was a financial adviser and investment adviser. On the
11 promissory notes of at least one investor, Jaroensabphayanont signed his named under the title “investment
12 advisor” and “investment advisors.”

13 **Dishonest or Unethical Business Practices**

14 *Fake Brokerage Account*

15 14. In July 2014, Jaroensabphayanont deceived two investors, a married couple, into believing
16 that they were customers of his firm, ING Financial. On July 25, 2014 Jaroensabphayanont and these
17 investors signed an ING Financial new account agreement for an individual (non qualified) brokerage
18 account. However, Jaroensabphayanont never provided this new account form to ING Financial, and a
19 brokerage account in the names of the investors was never opened at ING Financial.

20 15. On November 9, 2015, after ING Financial had rebranded itself Voya Financial Advisors,
21 Jaroensabphayanont again misled these two investors into thinking that they had opened a new account at
22 Voya Financial Advisors. Jaroensabphayanont told these investors that because he is a representative of
23 Voya Financial Advisors, he would be unable to put their money in anything that was high risk. On

1 November 9, 2015, Jaroensabphayanont and these investors signed a Voya Financial Advisors new account
2 agreement. Jaroensabphayanont never provided this new account form to Voya Financial Advisors, and a
3 brokerage account in the names of the two investors was never opened at Voya Financial Advisors.

4 *Selling Away*

5 16. A securities salesperson cannot offer or sell securities that are not recorded on the regular
6 books and records of their firm without prior written approval. If a securities salesperson offers or sells
7 these securities without approval, it is called “selling away.” Selling away is prohibited because it prevents
8 firms from evaluating or conducting due diligence on the securities, or determining whether the securities
9 are suitable for its customers.

10 17. The promissory note investments described above that Jaroensabphayanont sold to investors
11 were not on the regular books and records of his member firm, Voya Financial Advisors. Voya Financial
12 Advisors was not aware that Jaroensabphayanont was issuing and selling promissory notes to investors.

13 18. Jaroensabphayanont concealed his sale of promissory note investments from Voya Financial
14 Advisors. While Jaroensabphayanont was licensed through Voya Financial Advisors, he was required to
15 fill out an annual business questionnaire. On this questionnaire, from 2016-2019, Jaroensabphayanont
16 misrepresented to Voya Financial Advisors that he had not participated in any private securities
17 transactions. Jaroensabphayanont also misrepresented on this questionnaire that he had not solicited,
18 offered, recommended, or sold a securities product that is not on the firm’s approved products list. Further,
19 Jaroensabphayanont attested that it is not permissible to solicit, offer, recommend, or sell securities products
20 to prospects or customers that are not offered by or through Voya Financial Advisors.

21 *Borrowed Funds from Customer*

22 19. On December 17, 2018, Jaroensabphayanont borrowed \$5,000 from one of his Voya Financial
23 Advisors customers. The Voya Financial Advisors customer paid Jaroensabphayanont via check.

1 4. Narongdej Jaroensabphayanont dba NMJ Group violated RCW 21.20.010, the anti-fraud
2 section of the Securities Act of Washington, by making untrue statements of material fact or omitting to
3 state material facts necessary to make the statements made, in light of the circumstances in which they were
4 made, not misleading.

5 5. Narongdej Jaroensabphayanont has acted as an investment adviser, as defined in RCW
6 21.20.005(8), by holding himself out as an investment adviser. By doing so while not registered as an
7 investment adviser, or exempt from such registration, in the State of Washington, Narongdej
8 Jaroensabphayanont has violated 21.20.040(4).

9 6. Narongdej Jaroensabphayanont engaged in dishonest or unethical practices as a securities
10 salesperson, as defined by WAC 460-22B-090, by deceiving to people into believing they had a brokerage
11 account at Voya Financial Advisors, Inc.

12 7. Narongdej Jaroensabphayanont engaged in dishonest or unethical practices as a securities
13 salesperson, as defined by WAC 460-22B-090(2), by effecting securities transactions away from Voya
14 Financial Advisors, Inc. Such conduct is grounds for the denial of any future securities salesperson
15 registration applications, the imposition of a fine, and the charging of costs pursuant to RCW
16 21.20.110(1)(g) and RCW 21.20.110(7).

17 8. Jaroensabphayanont engaged in dishonest or unethical practices in the securities business, as
18 defined by WAC 460-22B-090(1), by engaging in the practice of borrowing money from a customer.

19 9. Jaroensabphayanont was barred by FINRA from association with any FINRA member in all
20 capacities. This bar of Jaroensabphayanont's registration by a self-regulatory organization is grounds for
21 the denial of any future securities salesperson or investment adviser representative registration applications,
22 the imposition of a fine, and the charging of costs pursuant to RCW 21.20.110(1)(e)(iii) and RCW
23 21.20.110(7).

1 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2 Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of
3 Law, the Securities Administrator intends to order Narongdej Jaroensabphayanont dba NMJ Group, and
4 their agents and employees, to each permanently cease and desist from violating RCW 21.20.010, RCW
5 21.20.040, and RCW 21.20.140.

6 **NOTICE OF INTENT TO DENY FUTURE REGISTRATIONS**

7 Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and
8 Conclusions of Law, the Securities Administrator intends to deny any investment adviser, broker-dealer,
9 investment adviser representative, or securities salesperson applications for registration that Narongdej
10 Jaroensabphayanont may file in the future.

11 **NOTICE OF INTENT TO IMPOSE FINES**

12 Pursuant to RCW 21.20.110(1) and RCW 21.20.395, and based upon the Tentative Findings of Fact
13 and Conclusions of Law, the Securities Administrator intends to order that Narongdej Jaroensabphayanont
14 dba NMJ Group shall be liable for and shall pay a fine of \$60,000:

15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.110(7) and RCW 21.20.390, and based upon the Tentative Findings of Fact
17 and Conclusions of Law, the Securities Administrator intends to order that Narongdej Jaroensabphayanont
18 dba NMJ Group shall be liable for and for and shall pay the costs, fees, and other expenses incurred in the
19 administrative investigation and hearing of this matter, in an amount not less than \$5,000.

20 **AUTHORITY AND PROCEDURE**

21 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
22 to the provisions of Chapter 34.05 RCW. Narongdej Jaroensabphayanont dba NMJ Group may make a
23 written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order.

1 If Narongdej Jaroensabphayanont dba NMJ Group does not make a hearing request in the time allowed, the
2 Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as
3 final and to enter a permanent order to cease and desist, to impose any fines sought, and to charge any costs
4 sought.

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6 SIGNED and ENTERED this 10th day of August, 2021.

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10 _____
William M. Beatty
Securities Administrator

11 Approved by:

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14 _____
Suzanne Sarason
Chief of Enforcement

15 Presented by:

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18 _____
Brian J. Guerard
Financial Legal Examiner Supervisor