

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 88347 / March 10, 2020

INVESTMENT ADVISERS ACT OF 1940
Release No. 5460 / March 10, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19726

In the Matter of

BRUCE C. WORTHINGTON,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Bruce C. Worthington (“Respondent” or “Worthington”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent was a registered representative and investment adviser representative of registered broker-dealer and investment adviser Founders Financial Securities, LLC (“FFS”) from 2013 to 2018. Respondent was previously a registered representative and investment adviser representative of Commonwealth Financial Network (“CFN”), a dually-registered broker-dealer

and investment adviser, from 1999 to 2013 and at a different dually-registered broker-dealer and investment adviser from 1992 to 1999. Respondent, 52 years old, is a resident of Tewksbury, Massachusetts.

B. FINAL ORDER OF THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE SECRETARY OF THE COMMONWEALTH SECURITIES DIVISION

1. The Enforcement Section (“Enforcement Section”) of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth enforces Massachusetts’ securities laws, which are codified in chapter 110A of Massachusetts General Laws, and also known as the Massachusetts Securities Act. On February 21, 2019, the Enforcement Section initiated the state action by filing an Administrative Complaint (the “Complaint”) against the Respondent.

2. On March 22, 2019, the Enforcement Section filed a Motion for Default for failure to file a timely answer. On May 1, 2019, the Enforcement Section filed a Renewed Motion for Default. On June 24, 2019, the Presiding Officer submitted the Recommended Final Order for Entry of Default, which recommended the Respondent be found in default and all allegations set forth in Section VII of the Complaint be found as fact. The Recommended Final Order for Entry of Default also recommended various sanctions and remedies be imposed. On June 24, 2019, the Acting Director of the Securities Division issued an Order Adopting Presiding Officer’s Recommended Final Order for Entry of Default (“Final Order”) and imposed the recommended sanctions.

3. Section VII of the Complaint alleged, among other things, that beginning in or about September 2006 and continuing until April 2018, Worthington fraudulently misappropriated the investment funds of at least one Massachusetts investor for his own personal use and benefit. During the time of the scheme, Worthington worked as a registered representative and investment adviser representative of CFN from 1999 to 2013 and FFS from 2013 to 2018. The Complaint alleged that the retired investor had very limited investment experience and relied heavily on Worthington to keep him apprised of his financial circumstances and make investment decisions in both his IRA and brokerage accounts. According to the Complaint, on August 26, 2005, the investor’s brokerage account converted into an advisory account and Worthington actively managed the account on an advisory basis and owed the investor a fiduciary duty. Funds in the amount of \$97,054.59 were withdrawn from the investor’s advisory account from September 11, 2006 to November 11, 2008. The Complaint alleged that the investor did not receive all of the money that was withdrawn from his account and Worthington unilaterally withdrew and diverted funds for his own personal use. The Complaint also alleged that Worthington convinced the investor to diversify his investments in alternative investments outside his advisory account in order to perpetuate the scheme.

4. Section VII of the Complaint also alleged, among other things, that Worthington misled the investor for years to hide his scheme. According to the Complaint, Worthington presented the investor with documents pertaining to a fictitious fixed income investment portfolio in 2008 and 2009 to convince the investor his funds had been invested in these portfolios. The Complaint alleged that, in late 2011, Worthington met with the investor at the investors’ home

and presented the investor with documents to sign and provided the investor with a portfolio summary of the investor's account in a further attempt to continue Worthington's scheme. The Complaint alleged that from 2011 until 2013, Worthington continued to communicate with the investor in order to give him false financial information about his investments. The Complaint further alleged that from 2013 through 2017, there was minimal conversation between Worthington and the investor. However, when they did speak, it was always through phone conversations, where Worthington assured the investor that his investments were safe and secure.

5. In addition, Section VII of the Complaint also alleged that in April 2017, after not meeting face-to-face with Worthington for nearly four years, the investor met Worthington, who informed him that he was no longer with CFN and was now associated with FFS. On April 10, 2017, in addition to following up on his investments, the investor transferred his IRA account to FFS. The Complaint further alleged that on April 18, 2018, after the investor made multiple attempts to inquire about withdrawing funds, Worthington fabricated a document that showed a value of approximately \$140,000. Worthington also informed the investor that he was having problems obtaining the investor's funds, but assured the investor that he would get the money eventually. Finally, the Complaint alleged that despite many attempts to contact Worthington to withdraw funds, the investor has been unable to get any response from Worthington since April 18, 2018.

6. By way of the Final Order, the Commonwealth of Massachusetts issued a permanent cease-and-desist order against Worthington, and permanently barred him from associating or registering in the Commonwealth as a broker-dealer or an investment adviser, among other things. The Final Order also required an accounting of losses attributable to the wrongdoing, restitution of those losses, and disgorgement of all profits and other remuneration received from the wrongdoing.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b)(6) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent by any means permitted by the Commission's Rules of Practice.

Attention is called to Rules 151(b) and (c) of the Commission's Rules of Practice, 17 C.F.R. §§ 201.151(b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed with the Office of the Secretary and all motions, objections, or applications will be decided by the Commission. The Commission requests that an electronic courtesy copy of each filing should be emailed to APFilings@sec.gov in PDF text-searchable format. Any exhibits should be sent as separate attachments, not a combined PDF.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice

360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Vanessa A. Countryman
Secretary