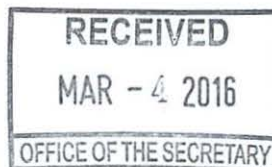


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
PHILADELPHIA REGIONAL OFFICE
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March 2, 2016

Via Facsimile Filing, First-Class Mail, and E-Mail

The Honorable James E. Grimes
Administrative Law Judge
U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549

Re: Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative
Proceeding File No. 3-16801

Dear Judge Grimes:

I represent the Division of Enforcement in the above-referenced administrative proceeding.

Today, the Division filed its Opening Post-Hearing Brief and Proposed Findings of Fact and Conclusions of Law. In connection with these filings, the Division also submitted copies of the transcripts of the hearing in this matter and all prehearing conferences. These are attached as Exhibits A through D to the accompanying Declaration of Michael J. Rinaldi.

In addition, the Division is submitting a corrected Exhibit 360, which consists of designations from Timothy Augustin's investigative testimony. When the Division filed the exhibits yesterday, a single page was omitted from this testimony (page 48). The Division's February 16 motion papers to admit this prior testimony, which Your Honor granted, included this page, but it was omitted from yesterday's filing of the exhibits. The Division respectfully requests that this corrected Exhibit 360, which is attached as Exhibit E to the accompanying Rinaldi Declaration, be accepted and admitted into the record.

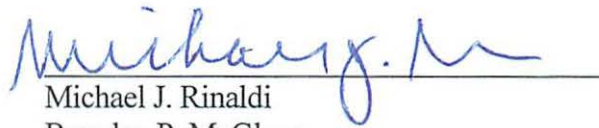
Respectfully,

A handwritten signature in blue ink that reads "Michael J. Rinaldi".
Michael J. Rinaldi

cc: Gregory Morvillo, Esq.

STATEMENT OF FILING BY FACSIMILE

I hereby certify that, on this second day of March, 2016, with respect to In the Matter of Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative Proceeding File No. 3-16801, I caused a true and correct copy of a letter addressed to the Honorable James E. Grimes to be filed via facsimile with the Office of the Secretary of the U.S. Securities and Exchange Commission pursuant to SEC Rule of Practice 151, 17 C.F.R. § 201.151. The facsimile was transmitted to (703) 813-9793.



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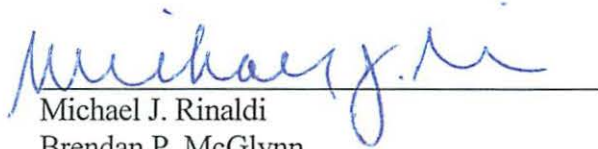
Counsel for the Division of Enforcement

CERTIFICATE OF SERVICE

I hereby certify that, on this second day of March, 2016, with respect to In the Matter of Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative Proceeding File No. 3-16801, I caused a true and correct copy of a letter addressed to the Honorable James E. Grimes (together with the accompanying Statement of Filing by Facsimile) to be served upon the following by first class mail and electronic mail:

Honorable James E. Grimes
Administrative Law Judge
Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549

Gregory Morvillo, Esq.
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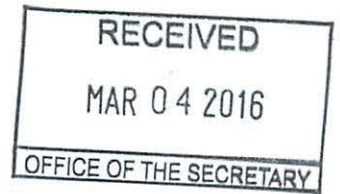
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March 2, 2016

Via UPS

Office of the Secretary
U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549



Re: Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative
Proceeding File No. 3-16801

To the Secretary:

I represent the Division of Enforcement in the above-referenced administrative proceeding.

Enclosed please find the originals (with manual signatures) and three copies of (i) the Division's Opening Post-Hearing Brief, (ii) the Division's Proposed Findings of Fact and Conclusions of Law, (iii) the Declaration of Michael J. Rinaldi, and (iv) a letter addressed to the Honorable James E. Grimes, which were filed today via facsimile pursuant to SEC Rule of Practice 151, 17 C.F.R. § 201.151.

Respectfully,


Michael J. Rinaldi

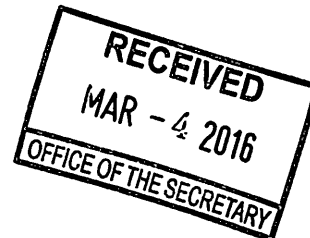
encl.

cc: The Honorable James E. Grimes
Gregory Morvillo, Esq.

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16801



In the Matter of

**BENNETT GROUP FINANCIAL
SERVICES, LLC**

and

DAWN J. BENNETT,

Respondents.

**DIVISION OF ENFORCEMENT'S
PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW**

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Dated: March 2, 2016.

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The Division of Enforcement, by and through its undersigned counsel and pursuant to the Court's Post-Hearing Order of February 1, 2016, and SEC Rule of Practice 340, 17 C.F.R. § 201.340, submits the below proposed findings of fact and conclusions of law. The Division incorporates into these proposed findings of fact and conclusions of law the Division's Opening Post-Hearing Brief. The Division reserves the right to amend or to supplement these proposed findings of fact and conclusions of law at any time.

I. THE ORDER INSTITUTING PROCEEDINGS AND THE RESPONDENTS' DEFAULT

1. By virtue of the respondents' default, the facts set forth in the Order Instituting Administrative and Cease-and-Desist Proceedings ("OIP") were found true.¹ Accordingly, all of the factual allegations of the OIP are incorporated herein as in fully set forth herein.

II. THE RESPONDENTS

2. Respondent Dawn J. Bennett ("Bennett") is, and at all relevant times was, the founder, Chief Executive Officer, and majority owner of Bennett Group Financial Services, LLC ("Bennett Group"). (E.g., OIP, 2015 WL 5243888, at *2 (¶ 7); Answer ¶ 7; Ex. 284; Bennett Testimony at 176–77.)

3. Bennett exercised full control over Bennett Group. (E.g., Augustin Testimony at 55–57.)

4. Bennett is a resident of the State of Maryland. (OIP, 2015 WL 5243888, at *2 (¶ 7); Answer ¶ 7.)

¹ See Bennett Grp. Fin. Servs., LLC & Dawn J. Bennett, No. 3453, slip op. at 1 n.1 (ALJ Dec. 31, 2015) [hereinafter "Order Following Prehearing Conference"].

5. Bennett holds, and at all relevant times held, the Series 7, 63, and 65 securities licenses. (OIP, 2015 WL 5243888, at *2 (¶ 7); Answer ¶ 7; Ex. 274; Bennett Testimony at 183.)

6. Bennett Group is and, at all relevant times was, a financial services firm. (E.g., OIP, 2015 WL 5243888, at *2 (¶ 6); Answer ¶ 6.)

7. In 2008, Bennett Group registered with the Commission as an investment adviser, withdrawing that registration in October 2013. (E.g., OIP, 2015 WL 5243888, at *2 (¶ 6); Answer ¶ 6.)

8. Bennett Group is a limited liability company organized under the laws of the State of Delaware and is headquartered in the District of Columbia. (Ex. 10; Answer ¶ 6.)

9. Bennett Group largely operated as a location for one of two broker-dealers: Royal Alliance Associates, Inc. (“Royal Alliance”) (from February 2006 to October 2009) and Western International Securities, Inc. (“Western”) (since October 2009). (E.g., Ex. 274.)

10. Bennett Group employees, including Bennett, were registered representatives of Royal Alliance or Western, and the overwhelming majority of the firm’s revenues came from brokerage commissions, which were paid by the brokerage firms to Bennett individually, who then transferred such monies to Bennett Group. (E.g., OIP, 2015 WL 5243888, at *2 (¶ 6); Answer ¶ 6; Ex. 306; Mascho Testimony at 18–20.)

11. According to records from the Financial Industry Regulatory Authority (“FINRA”), Bennett has previously been found liable in arbitrations involving allegations of fraud, misrepresentations and omissions, churning, and unsuitability, among other things. (Ex. 274.)

12. In addition to Bennett (who was at least a ninety-two percent owner), the owners of Bennett Group are, and at all relevant times were, Bradley Mascho and Timothy Augustin.

(11/20/2013 Mascho Testimony at 9; 12/5/2014 Mascho Testimony at 206; Augustin Testimony at 38–40; Ex. 284.)

13. Mr. Mascho is, and at all relevant times was, Bennett Group’s Managing Director of Research, a financial advisor and registered representative, and one of three officers of the firm. (11/20/2013 Mascho Testimony at 9; 12/5/2014 Mascho Testimony at 206; Ex. 284.)

14. Mr. Augustin was, during the relevant period, Bennett Group’s Chief Compliance Officer, Chief Operating Officer, and a financial advisor and registered representative. (Augustin Testimony at 38–40, 53; Exs. 180, 284.)

15. As Chief Compliance Officer, Mr. Augustin never delegated any supervisory responsibilities. (Augustin Testimony at 110.)

III. RESPONDENTS’ BROKERAGE ASSETS

16. During the relevant period, the respondents had no more than approximately \$407 million in assets that they, in any sense, could be said to be managing—of which approximately \$338 million was nondiscretionary brokerage assets, \$67 million of which was pension consulting assets, and \$1.1 million of which was advisory assets. (OIP, 2015 WL 5243888, at *2, *4 (¶¶ 6, 8, 21).) These numbers represent the highest possible levels. Throughout the relevant period the figures were often much lower (for instance, in January 2010 total brokerage assets were less than \$250 million). (E.g., Ex. 354.) These figures are reflected in Bennett Group’s records (and those of the brokerage firms) (e.g., Exs. 78–84, 149–61, 163–64, 323–40) and the analyses performed by the Division’s summary witness, Brian Higgins, C.P.A. (Ex. 354), and its expert witness, Professor Russell R. Wermers (Ex. 165).

IV. MISREPRESENTATIONS REGARDING ASSETS UNDER MANAGEMENT AND CLIENT PERFORMANCE

17. Despite handling only about \$400 million in customer accounts, Bennett and her firm claimed, from 2009 through 2011, that they were managing assets totaling \$1.1 billion to over \$2 billion. (E.g., OIP, 2015 WL 5243888, at *2 (¶ 8).)

18. The respondents' misstatements and omissions, charged in the OIP, were material. (E.g., OIP, 2015 WL 5243888, at *4, *8 (¶¶ 22, 45); Ex. 165.)

19. The respondents' misstatements and omissions, charged in the OIP, were made with scienter. (E.g., OIP, 2015 WL 5243888, at *4, *8 (¶¶ 23, 45).)

A. Misrepresentations and Omissions Through Barron's Magazine

20. Between 2009 and 2011, Bennett and her firm made three submissions to Barron's, in which they claimed to have between \$1.1 billion and \$1.8 billion in assets under management ("AUM"). (E.g., OIP, 2015 WL 5243888, at *3 (¶ 11); Answer ¶ 11.)

21. The figures Bennett and Bennett Group provided to Barron's (\$1.1 billion, \$1.3 billion, and \$1.8 billion, respectively) "indicate[] the amount of assets under management that Bennett Group Financial Services [purportedly] had at any particular time." (Bennett Testimony at 193–94.)

22. The Barron's rankings "reflects the volume of assets overseen by the advisors and their teams, revenue generated for the firms and the quality of the advisors' practices." (Ex. 89; see also Ex. 165, at p. 11 & n.32 (Wermers expert report) ("Financial publications such as Barron's . . . report information on the amount of assets managed when discussing, and, in some cases, ranking investment managers").)

23. Each of the Barron's publications reflects the respondents' claim that a typical account size for Bennett and Bennett Group was either \$2 million or \$3 million. (Exs. 29, 30, and 31.) The respondents' claims about their typical or minimum account size were false. (OIP, 2015 WL 5243888, at *3 (¶ 13).)

(i) **2009 "Top 100 Women Financial Advisors" Submission**

24. In 2009, Bennett and her firm made their first submission to the Barron's magazine, for inclusion in its "Top 100 Women Financial Advisors" issue of June 9, 2009. (E.g., Ex. 29; OIP, 2015 WL 5243888, at *3 (¶¶ 11–13); Answer ¶ 11; Bennett Testimony at 66, 193–94.)

25. According to the information provided to Barron's by the respondents for the "Top 100 Women Financial Advisors" issue, and relied upon and republished by Barron's, Bennett and her firm had, at the time, \$1.1 billion in AUM. (Ex. 29; OIP, 2015 WL 5243888, at *3 (¶ 12).)

26. Bennett and Bennett Group received the Number 5 ranking on Barron's 2009 list of the "Top 100 Women Financial Advisors," placing her and the firm among (and above) the top advisors from Smith Barney, Morgan Stanley, Merrill Lynch, UBS Financial Services, Credit Suisse Securities, and Wells Fargo. (Exs. 29, 89, 90; OIP, 2015 WL 5243888, at *3 (¶ 12).)

27. In an article that accompanied the 2009 list of the "Top 100 Women Financial Advisors," Barron's published a photograph of Bennett and explained that the annual ranking reflected "a reshuffling of the top five," with "two new members" taking spots, one of whom was "Bennett at No. 5." (Ex. 89.)

28. In connection with the 2009 list of the "Top 100 Women Financial Advisors," Barron's published a profile of Bennett and Bennett Group, in which their returns are touted as

“significantly higher than the market.” (Ex. 89.) The profile goes on to note that “Bennett insists [her] approach is lower-risk than that of many of her peers.” (Ex. 89.) Bennett is quoted as saying, “I am competitive, but I’m not going to chase the greed.” (Ex. 89.)

29. On or about June 17, 2009, Bennett and Bennett Group issued a press release touting their Number 5 ranking in the Barron’s 2009 list of the “Top 100 Women Financial Advisors” and stating that they had AUM of \$1.3 billion. (Ex. 36.)

30. Bennett and Bennett Group also touted the Number 5 ranking in the Barron’s 2009 list of the “Top 100 Women Financial Advisors” through Bennett Group’s Web site. (Ex. 254.)

(ii) **2009 “Top 100 Independent Financial Advisors” Submission**

31. In 2009, Bennett and her firm made a second submission to Barron’s, in which they represented having managed assets of \$1.3 billion. (OIP, 2015 WL 5243888, at *3 (¶ 12); Bennett Testimony at 191.) As a result, Bennett and Bennett Group were listed as Number 26 on Barron’s August 9, 2009, list of the “Top 100 Independent Financial Advisors.” (Ex. 30.)

32. Bill Bongiorno, Bennett and Bennett Group’s public relations advisor, sent Bennett an e-mail message regarding the 2009 “Top 100 Independent Financial Advisors” listing, in which he wrote, “26! Congrats!” (Ex. 32; Bennett Testimony at 78.) Bennett responded: “26? Wish I were in top 10 Somehow with number 26 it does not mean much.” (Ex. 32.) Mr. Bongiorno replied: “I had a client no. 23 last year, got calls from people looking to invest millions. Anywhere on the list is good.” (Ex. 32.) To which Bennett responded, “It would be nice to get a few of those calls!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!” (Ex. 32.)

(iii) **“2011 Top Advisor Rankings: Washington, D.C.” Submission**

33. Based on information supplied by Bennett and Bennett Group, they ranked second in Barron’s “2011 Top Advisor Rankings: Washington, D.C.,” with a claimed AUM of \$1.8 billion. (OIP, 2015 WL 5243888, at *3 (¶ 12); Exs. 31, 33; Bennett Testimony at 66–70.) This ranking situated them among, and above, Morgan Stanley, Wells Fargo, Merrill Lynch, UBS Financial Services, and Deutsch Bank (Ex. 31).

(iv) **Barron’s, AUM Claims, and Lack of Compliance Controls**

34. Others at the firm (including Messrs. Mascho and Augustin) had little insight into the basis for the Barron’s claims, particularly as it related to the purported short-term cash management for Dimension Data, Omega World Travel (“Omega”), and the Mount Vernon Ladies’ Association (“Mount Vernon”). Although Mascho and Augustin were able to verify, through company records, the firm’s approximately \$300 million in brokerage assets, they relied exclusively on Bennett’s word for the purportedly much larger pool of short-term assets. (E.g., Mascho Testimony at 208 (testifying that only Bennett had direct knowledge of the purported short-term investments that were held away); Augustin Testimony at 179 (testifying that he was unaware of assets that were held away); see also Augustin Testimony at 155 (testifying that Bennett’s purported short-term cash management was the only possible source of assets to substantiate the claims in Barron’s.)

35. Mr. Augustin, at his investigative testimony, testified that that was the first time he had seen the “2011 Top Advisors Rankings.” (Augustin Testimony at 151.) When asked whether the claimed \$1.8 billion in AUM was correct, he answered, “I have no idea.” (Augustin Testimony at 150.) He further testified that the \$1.8 billion figure was “not representative of the assets that

were certainly on the advisor.” (Augustin Testimony at 151.) He also called the figure “a shocker.” (Augustin Testimony at 162.)

36. Mr. Augustin testified that when he first saw, in 2009, the firm’s Number 26 ranking among independent financial advisors he was “just so surprised that we were 26th.” (Augustin Testimony at 165.)

37. Mr. Augustin testified about a conversation he had with Bennett and Mr. Mascho in 2009, after the first Barron’s piece was published, in which he questioned Bennett about the claim of \$1.1 billion in AUM and expressed that “it was a bit of a surprise.” (Augustin Testimony at 213.) Bennett responded that the claim was justified based on “cash on the outside . . . that she advises on.” (Augustin Testimony at 213–14.) When asked whether the \$1.1 billion Barron’s claim seemed wrong to him, Augustin answered, “I had no—no basis to judge whether it was right or wrong.” (Augustin Testimony at 214.)

B. Misrepresentations and Omissions on the “Myth Busting” Radio Show

(i) Fraudulent AUM Claims on the Radio Show

38. In 2010, Bennett began hosting the weekly radio program, “Financial Myth Busting with Dawn Bennett,” during which she often touted her and her firm’s services. Among other things, the firm was identified by name and its toll-free telephone number and Web site address were provided. (E.g., Ex. 74, at pp. 50–51.²) The program was generally an hour in length, and Bennett Group paid between \$1,500 and \$3,850 weekly for the time. (Augustin Testimony at 65.)

² The Web site, in turn, made prominent use of the 2009 Top 5 Barron’s ranking (Ex. 254.)

39. During at least eighteen “Myth Busting” radio programs aired between May 9, 2010, through January 30, 2011, Bennett falsely claimed that she and Bennett Group managed assets ranging from \$1.5 billion to over \$2 billion. (OIP, 2015 WL 5243888, at *4 (¶ 20).)

40. Bennett and Bennett Group also fraudulently claimed that they managed “\$1.5 billion of client assets” on the “Facebook” information page they maintained for the “Myth Busting” radio show. (OIP, 2015 WL 5243888, at *4 (¶ 20).)

41. The following are among the statements made on the “Myth Busting” radio show:

- a. “I built the company with \$1.5 billion and for the last fifteen years, my clients have seen consistent returns in the green.” (Ex. 74, at p. 2 (5/9/2010 Tr.).)
- b. Bennett’s co-host noting that Bennett was “recognized by Barron’s as one of the top five financial advisors in the June 2009 issue.” (Ex. 74, at p. 3 (5/9/2010 Tr.).)
- c. In response to her co-host’s question as to whether she manages “over a billion dollars in assets,” Bennett responds, “1.5 billion and growing.” (Ex. 74, at p. 14 (5/9/2010 Tr.).)
- d. Bennett stating that her firm has “1.5 billion . . . right now with money under management—and growing.” (Ex. 73, at p. 37 (5/16/2010 Tr.).)
- e. “I am the CEO of Bennett Group Financial Services in Washington D.C. We have 1.5 billion of assets under management” (Ex. 71, at p. 2 (6/13/2010 Tr.).)
- f. Bennett’s co-host stating, “Since one of the main purposes of the show is to allow the real investor a chance to tap into your expertise as you handle a billion and a half and upwards of assets at Bennett Group Financial Services, would you explain, please, what an SEP-IRA is?” (Ex. 69, at p. 35 (6/27/2010 Tr.).)
- g. Bennett speaking about “the 1.5 billion that we have under management.” (Ex. 66, at p. 3 (7/18/2010 Tr.).)

- h. Bennett speaking about the “1.6 billion under management.” (Ex. 65, at p. 2 (8/1/2010 Tr.))
- i. “I’m at the helm of 1.6 billion in assets of clients’ financial dreams.” (Ex. 64, at pp. 2–3 (8/8/2010 Tr.))
- j. Bennett’s co-host stating, “Dawn is the expert She manages 1.6 billion in investments. She’s ranked in the top one percent worldwide in returns on investments so there’s your bonafides for . . . Bennett Group Financial Services.” (Ex. 63, at pp. 18–19 (8/22/2010 Tr.))
- k. “Just to remind everybody, I actually have a financial advisory firm. I’m the real thing. We manage about 1.6 billion” (Ex. 61, at p. 2 (9/5/2010 Tr.))
- l. “You know what, we have 1.6 billion under management” (Ex. 60, at pp. 48–49 (9/12/2010 Tr.))
- m. Bennett’s co-host stating, “She manages 1.6 billion in assets.” (Ex. 59, at p. 34 (9/19/2010 Tr.))
- n. Bennett and her co-host discussing her purported \$1.6 billion in assets managed. (Ex. 57, at pp. 41–42 (10/3/2010 Tr.))
- o. “We have 1.6 billion under management.” (Ex. 56, at p. 50 (10/10/2010 Tr.))
- p. Bennett touting her “1.8 billion” in assets “under management.” (Ex. 54, at pp. 24, 35, 46 (10/31/2010 Tr.))
- q. “I mean, I don’t think we would have two billion in assets if I wasn’t [disciplined] and also the people that surround me.” (Ex. 48, at p. 14 (12/12/2010 Tr.))
- r. “[W]e have 1.6 billion under management” (Ex. 47, at p. 48 (12/26/2010 Tr.))
- s. “. . . I do manage two billion in assets.” (Ex. 46, at p. 21 (1/16/2011 Tr.))
- t. “. . . I rank in Barron’s a lot.” (Ex. 46, at p. 31 (1/16/2011 Tr.))

42. At testimony, Augustin did not recall that Bennett made such claims on the radio show, becoming aware of them only after “seeing [an AUM claim] in a transcript [of the radio show] that was provided to the SEC [during the examination].” (Augustin Testimony at 157.)

43. Also on the radio show, Bennett made claims regarding her typical or minimum account size: “You know what? Everyone who comes to me at this stage is certainly high net worth. We have a very high seven figure or seven digit requirement to walk through our door.” (Ex. 72, at p. 4 (5/23/2010 Tr.)) These claims were false. (OIP, 2015 WL 5243888, at *3 (¶ 13).)

(ii) Fraudulent Client Performance Claims on the Radio Show

44. In addition to the fraudulent AUM claims, Bennett also inflated her clients’ performance during the radio show, by passing off the results of a Bennett Group “model portfolio” as those of actual clients. (OIP, 2015 WL 5243888, at *7–8 (¶¶ 42–45).)

45. In August 2010, Bennett said that her clients had gains of 17.77%, “versus the negative 5.61 for the S&P 500.” (Ex. 65, at p. 6 (8/1/2010 Tr.); see also Ex. 65, at p. 14 (8/1/2010 Tr.) (Bennett noting that her clients “exceed[ed] the S&P 500 index for the three-year number by almost twenty percent”).)

46. In September 2010, Bennett compared her clients’ “10.2 percent” gain to the S&P 500 that was “only up about 50 basis points” (Ex. 59, at p. 51 (9/19/2010 Tr.)) and recited a set of historic “returns”: “But I’ve got to tell you, last year we were up forty-two percent. Our three-year number was up seventeen percent. Our ten-year number was up twelve” (Ex. 59, at p. 32 (9/19/2010 Tr.)).

47. Bennett often coupled misstatements about performance with those about AUM: “And we are up to, I think . . . year-to-date thirty percent, and we’re managing about 1.3—1.8

billion, actually in the world. So, our returns put us in the top one percent.” (Ex. 54, at p. 24 (10/31/2010 Tr.)) Bennett went on to immediately note that these facts made her “relatively qualified to chat with you,” before taking a caller to the show, who wanted to discuss whether to buy precious metals. (Ex. 54, at pp. 24–28 (10/31/2010 Tr.)) And, on her January 16, 2011, show, she claimed “two billion in assets” and then went on to discuss annual performance as high as 42%. (Ex. 46, at pp. 21, 29 (1/16/2011 Tr.); see also Ex. 45, at p. 49 (2/13/2011 Tr.) (claiming annual client performance as high as 42%.))

48. During testimony, Bennett admitted that radio show references to returns were for the Bennett Group “model portfolio.” (Bennett Testimony at 283–84.)

49. The respondents admitted that Bennett made performance claims on the radio and “did not discuss the methodology behind returns discussed.” (Answer ¶¶ 42–44.) Further, the respondents provided documentation showing that actual client results differed from those of the model. (Ex. 163.) Those misstatements were material. (Ex. 165, at pp. 22–25.)

(iii) The Respondents Ignore Advice from Their Accounting Firm Regarding the Reporting of Performance Figures

50. In late 2008, Bennett Group was advised by its accounting firm that model returns had to be specifically disclosed as such. (OIP, 2015 WL 5243888, at *8 (¶ 44); Ex. 269.) In fact, the accounting firm provided Bennett Group with a highlighted printout of the Division of Investment Management’s no-action letter in Clover Capital Management, Inc. (Ex. 269.) Among the highlighted statements are that the following practices violate Rule 206(4)–(1)(a)(5), 17 C.F.R. § 275. 206(4)–(1)(a)(5): an advertisement that “[f]ails to disclose prominently the limitations inherent in model results . . . particularly the fact that such results do not represent actual trading”

or that “[f]ails to disclose, if applicable, that the adviser’s clients had investment returns materially different from the results portrayed in the model.” (Ex. 269, at p. 10.) In making the performance claims (see *supra* ¶¶ 44–49), the respondents ignored this advice.

C. Misstatements and Omissions Through E-Mail and Other Communications

51. Bennett Group sent dozens of e-mail messages during the summer of 2010 noting that: “Last year, *Barron’s* ranked Dawn Bennett as #4 in their ‘Top 100 Women Financial Advisors.’ Our firm has size, strength and stability with assets under management of \$1.5 billion.” (Exs. 91–92, 94–148 (emphasis in original); see also Ex. 250.³) Reprints of the *Barron’s* article were often attached to the e-mails. (E.g., Exs. 94, 103–07, 109–23, 125–26, 129–30, 133–40, 142–45, 147–48, 250, 321, 355.)

52. By September of 2010, Bennett Group was claiming over \$1.6 billion in AUM by e-mail. (Ex. 34.)

53. In November of 2010, Bennett sent an e-mail message to a client noting her “\$2 billion in holdings.” (Ex. 253.)

54. In mid-2010, Bennett Group ordered 1,125 copies of the “Top 100 Women Financial Advisors” article and sent at least 125 copies to existing or prospective clients. (OIP, 2015 WL 5243888, at *4 (¶ 16); Ex. 162; Bennett Testimony at 78–80.)

55. Bennett Group’s distributed to clients or prospective clients a marketing brochure, which cited the firm’s “over \$1.5 Billion in assets under management.” (Ex. 168, at p. 5; Bennett Testimony at 80–83.) The brochure immediately went on say that Bennett Group was the “‘gold standard’ for financial advisors in America and the world.” (Ex. 168, at p. 5.) It also notes that

³ Bennett and Bennett Group were actually Number 5, not Number 4.

Bennett “[h]osts a weekly one hour radio show on WMAL-630-AM” and that she is “[r]anked in the top 5 in the Barron’s Top 100 Women Financial Advisors–2009” and “[r]anked in the top quartile in the Barron’s Top 100 Independent Financial Advisors–2009.” (Ex. 168, at pp. 7–8.⁴)

D. Misstatements and Omissions Through Telephonic and In-Person Communications

(i) Phillips Peter

56. Phillips Peter is an eighty-six year-old former General Electric officer and former Bennett Group client from Potomac, Maryland. (1/27/2016 Tr. at 104–05.)

57. Mr. Peter met Bennett at a reception at Tudor Place, in Washington, D.C., in the spring of 2009. (1/27/2016 Tr. at 106–07.)

58. Bennett told Mr. Peter that she ran a financial advisory firm and “was in the top 1 percent of financial advisors and . . . had a business that was over a billion dollars.” (1/27/2016 Tr. at 108.) He then moved about half of his portfolio, amounting to millions of dollars, to Bennett Group, and thereafter engaged in securities trading through Bennett and the firm. (1/27/2016 Tr. at 110–12; Exs. 343–52.) Then, in June 2009, Bennett directed him to the “Top 100 Women Financial Advisors” article, which caused him to transfer the rest of his assets to the respondents, through which he conducted further securities trading. (1/27/2016 Tr. at 109–11; Exs. 29, 319, 343–52.)

59. Mr. Peter heard Bennett’s radio show and remembers “Ms. Bennett talking about her investment strategies and, as [he] recall[ed], further mentioning of the assets that she said her firm was handling.” (1/27/2016 Tr. at 112.)

⁴ Number 26 is actually in the second quartile.

60. Mr. Peter testified to Exhibit 319, an e-mail message in which Bennett attempts to prompt him to show Bruce Pavoni the “Top 100 Women Financial Advisors” article. (1/27/2016 Tr. at 109.) Mr. Pavoni was the General Electric executive “who put together the list of financial advisors that GE officers who were active or who had retired could avail themselves of.” (1/27/2016 Tr. at 109.) According to Mr. Peter, Bennett enlisted his help in getting Mr. Pavoni’s attention so that she could be added to that list. (1/27/2016 Tr. at 111). Mr. Peter went on to testify:

So based on Dawn’s representation and what was in Barron’s, I did send this to Mr. Pavoni. And if I had known that the rating was not based on financially accurate data, I would never have submitted it to Mr. Pavoni. And in fact, had I known that the Barron’s rating was not accurate, I would not have transferred half my assets and later all of them, investment assets, to Dawn Bennett.

(1/27/2016 Tr. at 109.)

61. Mr. Peter was “[h]eavily” influenced by the Barron’s ranking, because he had “looked at Barron’s as one of the pillars of reporting on the financial industry.” (1/27/2016 Tr. at 115.)

62. Mr. Peter lost millions at Bennett Group, with a decline from \$25.9 million to \$8.3 million in one year’s time. As his portfolio dwindled, Mr. Peter insisted that it should not go below \$10 million. (1/27/2016 Tr. at 113; Ex. 352.)

63. In responding to Mr. Peter’s losses, Bennett made a personal guarantee that she would restore his account to “at least 10 million” if he stayed with her. (1/27/2016 Tr. at 113–14.) Mr. Peter did not accept Bennett’s offer and ceased being a customer of hers. (1/27/2016 Tr. at 114.)

(ii) **Eric Zlatin**

64. Eric Zlatin, a former Bennett Group customer from Fairfield, Connecticut, also testified at the hearing. Prior to seeing the 2009 “Top 100 Women Financial Advisors” article in Barron’s he had never heard of Bennett or her firm. (1/27/2016 Tr. at 118; Ex. 29.)

65. As a result of seeing the 2009 “Top 100 Women Financial Advisors” article, Mr. Zlatin became a customer of Bennett’s, transferred approximately \$500,000 to her, and conducted securities transactions through the respondents. (1/27/2016 Tr. at 118, 121.)

66. Mr. Zlatin testified that, based on his experience, an AUM of “a billion dollars or more” means “you’ve kind of made it, you’ve arrived.” (1/27/2016 Tr. at 119.)

67. In testifying as to why he selected Bennett as his financial advisor, Mr. Zlatin pointed to the 2009 article and the fact that “Ms. Bennett was so prominently featured” with “a large photograph.” (1/27/2016 Tr. at 120.)

(iii) **James Hammond**

68. James Hammond, who also testified at the hearing, was born in 1940, is retired from Deloitte & Touche, and is a former Bennett Group customer, having invested about \$200,000 with her. (1/27/2016 Tr. at 175–76.)

69. Mr. Hammond testified that he heard Bennett or others from her firm using “the number \$2 billion on occasion” in reference to the firm’s AUM. (1/27/2016 Tr. at 176.) After hearing these representations, he kept his money at the firm and continued to use Bennett and Bennett Group to make securities transactions. (1/27/2016 Tr. at 177.)

70. Mr. Hammond testified that, had he known the AUM was far less than \$2 billion, he probably would have questioned Bennett about it, owing to his training as an auditor. (1/27/2016 Tr. at 176–77.)

(iv) **John Crowley**

71. John Crowley, who testified at the hearing, is a former Bennett customer who invested over \$1 million with the respondents. (1/27/2016 Tr. at 89.)

72. Mr. Crowley testified that Bennett led him to believe that “she had more than a billion or billions under management” and that he was a “small player in it.” (1/27/2016 Tr. at 90.)

73. As with Messrs. Peter and Pavoni, Bennett e-mailed Mr. Crowley (and his business partner Mark Fuller) a copy of the Barron’s article, in the hopes that it would generate additional business. (1/27/2016 Tr. at 91–92; Ex. 355.)

74. After receiving the Barron’s article from the respondents and hearing about their AUM claims, Mr. Crowley continued to purchase and sell securities through them. (1/27/2016 Tr. at 92, 95.)

75. Mr. Crowley testified that Bennett Group’s size was important to him because “it meant that . . . our investments were being handled in the same way many other smart investors were going to be handled, that other larger parties had made decisions to go with Bennett and that that afforded us the belief that they’re a very credible organization.” (1/27/2016 Tr. at 94–95.)

76. Mr. Crowley suffered losses on account of the respondents, which is the subject of a successful FINRA arbitration filed by him and his wife, in which they were awarded damages, interest, and attorneys’ fees. (1/27/2016 Tr. at 92–93; Ex. 272.)

(v) **Steven Santagati**

77. Steven Santagati, who testified at the hearing, initially invested approximately \$400,000 with the respondents, transferring approximately \$700,000 more after he sold property he owned in Vermont. (1/27/2016 Tr. at 68.) In addition, Mr. Santagati, a television personality and author, would transfer to Bennett any monies he received from his publisher, Random House. (1/27/2016 Tr. at 68.) Bennett sent the Barron's publications to him, and, thereafter, he continued to transfer money to her and continued to engage in securities transactions through her. (1/27/2016 Tr. at 69–70; Exs. 29–31.)

78. Bennett told Mr. Santagati that he “could trust her, that she was one of the best in the business, if not the best and she managed billions of dollars, over a billion dollars in people’s money and that . . . [he] was a small fry in her portfolio.” (1/27/2016 Tr. at 70; see also id. at 71 (stating that she said she would do him a “favor,” that “she manages billions of dollars,” and that “she’s the expert”).)

79. Mr. Santagati, who admittedly was not sophisticated in investment matters, “reposed 100 percent trust” in Bennett, in part because Bennett told him “that there were safeguards in place so I didn’t have to worry about her losing my money or doing something that was illicit or illegal.” (1/27/2016 Tr. at 71.)

80. Bennett attempted to get Mr. Santagati to use his connections to solicit additional clients. (1/27/2016 Tr. at 71–72.)

81. Mr. Santagati suffered “over a million dollars in losses” and is currently engaged in a FINRA arbitration with Bennett. (1/27/2016 Tr. at 68–69.)

82. After ceasing being a Bennett customer, Mr. Santagati contacted John Koorey, then the former Operations Manager at Bennett Group. (1/27/2016 Tr. at 73–74; Koorey Testimony at 44.)

83. Mr. Santagati expressed to Mr. Koorey confusion about his experience with Bennett, given that “[s]he’s managing billions of dollars.” (1/27/2016 Tr. at 73.) Mr. Koorey “laughed” at Mr. Santagati, telling him: “Dawn does not manage billions of dollars. She says that, but she doesn’t. She maybe, maybe manages high 300 million or \$400 million in assets, but nothing close to what she claimed.” (1/27/2016 Tr. at 73–74.)

84. During the investigation, Mr. Koorey was rehired as Operations Manager. (Koorey Testimony at 44.)

V. THE RESPONDENTS’ OBSTRUCTION OF THE EXAMINATION AND INVESTIGATION

85. As alleged in the OIP, the respondents engaged in a number of deliberate acts to obstruct and to impede the staff’s examination and investigation and to otherwise conceal their fraud. (OIP, 2015 WL 5243888, at *5–7 (¶¶ 24–41).)

A. Obstruction of the Staff’s Examination

86. In early 2011, an examination was conducted of Bennett Group, by examination staff from the Commission’s Philadelphia Regional Office, including examination manager Robert Thomas and examiner Darren Goins. (1/27/2016 Tr. at 32.) Among the subjects of the examination were the claims made in the 2009 Barron’s publications, the “Top 100 Women Financial Advisors” and the “Top 100 Independent Financial Advisors,” as well as similar claims made on the “Myth Busting” radio show and the firm’s Web site. (1/27/2016 Tr. at 32–35.)

87. As a result of the examination, the Commission staff uncovered a discrepancy between the verifiable brokerage assets and claimed pension assets (which together totaled about \$400 million) and what was being touted publicly (for instance, between \$1.1 billion and \$1.3 billion in Barron's). (1/27/2016 Tr. at 41–42.) According to Mr. Thomas, when Bennett was confronted about this, she told the examination staff that the difference was made up when one counted “short-term assets” for which Bennett Group “provided informal investment advice.” (1/27/2016 Tr. at 42.) Bennett and the firm even provided two letters (Exs. 35, 151) in which they laid out the story (1/27/2016 Tr. at 42–45).

88. The respondents claimed that in order to arrive at the full amount of assets one needed to count advice provided to three corporate clients:

Dimension Data: \$706,000,000

Omega World Travel: \$150,000,000

Mount Vernon Ladies' Association: \$100,000,000

(1/27/2016 Tr. at 42–45; Ex. 151.)

89. At all times, Bennett was the sole source of information regarding the purported short-term cash management for Dimension Data, Omega, and Mount Vernon. (1/27/2016 Tr. at 45.)

90. The examination staff requested of Bennett Group contracts, correspondence, investment recommendations, and other source documentation to substantiate the claims regarding short-term cash management, but the firm was unable to provide these, with Bennett claiming that all dealings were verbal. (1/27/2016 Tr. at 44–45.)

91. Just after the examination concluded, the staff discovered the 2011 Barron's ranking, in which \$1.8 billion of AUM was claimed. Although the submission for this ranking had been completed before the examination began (1/27/2016 Tr. at 36; Ex. 33), Bennett and the firm failed to provide it to the examination staff, despite a request for questionnaires and related documents (1/27/2016 Tr. at 35–36). When confronted with fact that neither the questionnaire (Ex. 33) nor the resulting ranking (Ex. 31) had been provided to the staff, Bennett told the staff that “it wasn’t considered advertisement” because it “wasn’t distributed to clients yet” (1/27/2016 Tr. at 35–36).

B. Obstruction of the Enforcement Staff's Investigation

92. As with the examination, during the enforcement staff's investigation Bennett remained the sole source of information on the purported short-term cash management for Dimension Data, Omega, and Mount Vernon. (Bennett Testimony at 243, 254.)

93. During the investigation, Bennett contended that the cash management was done for Dimension Data, Omega, and Mount Vernon. (Bennett Testimony at 198.)

94. During the investigation, Bennett asserted that the short-term cash management figure (i.e., short-term cash management for Dimension Data, Omega, and Mount Vernon) needed to be added to the brokerage figure to arrive at total AUM. (E.g., Bennett Testimony at 97–100, 191–94, 197–98, 203–205. See generally Ex. 165, at pp. 5–7, 15–22 (Wermers expert report) (discussing the various categories of assets claimed by the respondents).)

95. During the investigation, the amount of assets attributable to Dimension Data more than doubled (from what had been cited during the examination), from \$706 million to \$1.575 billion. (Compare Ex. 151 with Bennett Testimony at 262.)

96. Between her first investigative testimony (in December 2013) and her second (in January 2015), Bennett “found” documents that she said substantiated her claims—three “Project Request Forms” and three sets of annotated outlines for weekly pension calls with Dimension Data, Omega, and Mount Vernon. (OIP, 2015 WL 5243888, at *6 (¶ 36); Exs. 75–77, 177–79.) She also identified “witnesses” who could substantiate her story: Daniel Celoni and Wesley John Johnston from Dimension Data; Daniel Bohan from Omega; and Barton Groh from Mount Vernon.

97. Bennett conceded at testimony that, if the Dimension Data figure alone were removed from the equation, the claims made in each of the Barron’s publications (Exs. 29–31) would be false (Bennett Testimony at 209).

(i) **Dimension Data**

98. Dimension Data is a multinational information technology company. (1/27/2016 Tr. at 49.)

99. In order to substantiate her over \$1.5 billion in short-term cash management for this client, Bennett identified Daniel Celoni, the former Chief Financial Officer for the Americas at Dimension Data:

[MR. RINALDI:] You mentioned Dan Celoni earlier on.

[MS. BENNETT:] Yes.

Q He was one of the individuals to whom you provided the short-term cash management advice for Dimension Data, correct?

A Correct.

Q And you said that you met him in Virginia?

A Yes.

(Bennett Testimony at 255.)

100. But Mr. Celoni testified that, to the best of his knowledge, he had never met Bennett.

(Celoni Testimony at 23–24.)

101. Mr. Celoni also testified that he had no knowledge of Bennett ever being asked to advise on more than \$1.5 billion in company funds. (Celoni Testimony at 95–96.)

102. Mr. Celoni testified that he was not aware of anyone at Dimension Data Americas who would have the authority to discuss the investment of more than \$1.5 billion: “I don’t believe anyone had that type of authority. I’m not aware of any individual that would have that kind of discussion.” (Celoni Testimony at 96.)

103. Mr. Celoni testified that he doubted that he (or anyone else in the Americas) had authority to execute any securities transactions for the company, and, in any event, he was unaware of any Americas-based Dimension Data employee ever doing so. (Celoni Testimony at 81–82.) Rather, according to Mr. Celoni, any investment decisions, including with respect to short-term cash, were made at company headquarters in South Africa. (Celoni Testimony at 43.)

104. Mr. Celoni further testified that the only services Bennett provided were with respect to the 401(k) plan for the company’s U.S.-based employees. (Celoni Testimony at 58–59.)

105. In February 2011 (and effective March 2011), Bennett was terminated from her Dimension Data 401(k) role. (Ex. 174.)

106. Bennett also identified former Dimension Data employee Wesley Johnston, from whom she obtained an affidavit. (Bennett Testimony at 355; Johnston Testimony at 24; Ex. 85.)

107. In Mr. Johnston’s affidavit, which was proffered by Bennett during the investigation, Mr. Johnston did not purport to have first-hand knowledge of Bennett’s services. Rather, he

claimed to have heard from Mr. Celoni and Adrian Liddiard (Mr. Celoni's predecessor) about these services: "Although I did not speak with Ms. Bennett directly, I received regular briefings from Mr. Liddiard and Mr. Celoni during Dimension Data's Executive Board meetings regarding Ms. Bennett's advice on our overnight and short-term cash investments." (Ex. 85 ¶ 8.)

108. During testimony, Mr. Johnston contradicted his affidavit:

[MR. RINALDI:] Isn't it true, sir, that you never received any such briefings, quote: "Regarding Ms. Bennett's advice on our overnight and short-term cash investments"?

[MR. JOHNSTON:] That's correct. That's a poorly worded statement. I agree.

(Johnston Testimony at 96.)

109. Similarly, in paragraph 13 of the affidavit, Mr. Johnston claimed that he found Bennett "extremely diligent and very responsive" with respect to "investment recommendations to Dimension Data." The affidavit was purportedly based on his "personal knowledge." (Ex. 85 ¶ 1.) But, at testimony, he conceded that he had no personal knowledge of that subject; rather, he testified, he was referring to his interactions with Bennett as his own, personal financial advisor.

(Johnston Testimony 75–77.)

110. Mr. Johnston was not responsible for short-term cash investments and had no knowledge of Bennett or Bennett Group ever providing advice to Dimension Data about such investments. (Johnston Testimony at 45–50.)

111. At his testimony, Mr. Johnston acknowledged a relationship with Bennett (he termed her an "acquaintance") and testified that he had previously received advice from her regarding "swim techniques" (Bennett was formerly a competitive swimmer). (Johnston Testimony at 20–24;

Bennett Testimony at 344). During her testimony, Bennett said that she and Mr. Johnston were “friends,” that she helped him with his swim training for a triathlon, that she previously assisted him with his ride in the Sturgis Motorcycle Rally in South Dakota, and that she has socialized with him and his wife. (Bennett Testimony at 344–45, 347–49.)

112. Between Bennett’s first and second investigative testimonies, the respondents also produced three “Project Request Forms” (Exs. 75–77), which Bennett said indicated the amounts of Dimension Data (and Omega) short-term cash for which she was providing advice at three points in time (Bennett Testimony at 214–15, 261–62). At its height (in December 2010), one of the documents purports to show “\$1,575,000,000” being managed for Dimension Data alone.

113. The “Project Request Forms” conflict with the unambiguous testimony of Brian Howard, the Group Treasurer for Dimension Data in Johannesburg, South Africa. (1/27/2016 Tr. at 49.)

114. Mr. Howard testified that, from the time after it was initially listed on the London Stock Exchange in 2000, Dimension Data never had close to \$1.575 billion in cash assets. (1/27/2016 Tr. at 52.) In particular, Dimension Data’s consolidated cash assets peaked at around \$650 million in 2008, which was comprised of about \$350 million in Dimension Data’s London cash pool and about \$300 million in countries that prohibit repatriation of assets. (1/27/2016 Tr. at 52.)

115. Mr. Howard—who oversaw Dimension Data’s finances and investments—further testified that he had never communicated with Bennett or anyone else at Bennett Group, that to the best of his knowledge no investment recommendations were ever sought or received by them, and

that all investment decisions for the company were made in South Africa, without involvement from Dimension Data's U.S.-based employees. (1/27/2016 Tr. at 50–53.)

116. The “Project Request Forms” were never produced to the examination staff despite its requests for such records. (1/27/2016 Tr. at 44–45.) Copies of the documents also were not produced in response to the investigative staff's initial subpoenas (Exs. 13, 16, 20); rather, they were only produced after Bennett's first testimony and before her second. (OIP, 2015 WL 5243888, at *6 (¶ 36).) And, when the staff asked to inspect the originals, it was told that they were subsequently lost in an “office move.” (OIP, 2015 WL 5243888, at *6 (¶ 36).)

117. The amounts attributable to Dimension Data on the Project Request Forms also conflict with the \$706 million figure provided to the examination staff. (E.g., Ex. 151.)

118. Based on the evidence, it can be reasonably inferred that the Project Request Forms were falsified by the respondents. (Exs. 75–77.)

(ii) **Omega**

119. Bennett testified that she had “weekly” calls, as well as in-person meetings, with Daniel Bohan, a former and now deceased Omega executive, about Omega's short-term cash management. (Bennett Testimony at 49–51.)

120. According to the figures provided to the examiners, this was with respect to \$150 million in cash. (Ex. 151.)

121. Gloria Bohan, the Chief Executive Officer of Omega and Mr. Bohan's wife, testified that her husband passed away in 2010 and had been incapacitated by illness (such that he was unable to work at Omega) since 2004. (1/27/2016 Tr. at 99.)

122. Mrs. Bohan testified that she was not aware of any services being provided by Bennett or Bennett Group, other than for the employee 401(k) plan, and that she has never communicated with Bennett or Bennett Group regarding the investment of any Omega corporate assets. (1/27/2016 Tr. at 100–01.)

123. Bennett and Bennett Group were terminated from the Omega 401(k) role in 2012. (1/27/2016 Tr. at 100.)

124. Mrs. Bohan testified that Omega did not have \$25 million available for investment⁵ and that, in fact, Omega, a local travel agency, depended on lines of credit. (1/27/2016 Tr. at 101–02; OIP, 2015 WL 5243888, at *7 (¶¶ 36–38).)

(iii) **Mount Vernon**

125. Mount Vernon is a local nonprofit that is responsible for George Washington's home in Virginia. (1/27/2016 Tr. at 79.)

126. Barton Groh is Mount Vernon's former Chief Financial Officer and former Chief Operating Officer. (1/27/2016 Tr. at 79.)

127. At the time when Bennett is telling the examiners that she manages \$100 million for Mount Vernon (i.e., in February 2011) (Ex. 151), she had actually been terminated over a year earlier (in October 2009). (1/27/2016 Tr. at 83–84; Ex. 175.)

128. Bennett had told the enforcement staff that the respondents' relationship with Mount Vernon did not end until 2011. (Bennett Testimony at 56.)

⁵ The Project Request Forms (Exs. 75–77) indicated \$20 million to \$25 million, purportedly attributable to Omega. In addition, based on all of the evidence, it can be reasonably inferred that the Project Request Forms were falsified.

129. During the examination and investigation, Bennett claimed to have performed pension consulting services for Mount Vernon, of approximately \$6.5 million. (E.g., Exs. 80–84; Bennett Testimony at 203. See generally Ex. 165, at p. 7 n.18 (Wermers expert report).) But Mr. Groh testified that Mount Vernon’s pension work was given to the Principal Financial Group, and not Bennett Group, despite the latter’s pitch for the work. (1/27/2016 Tr. at 82–83.)

130. With respect to the “weekly call” documents (Ex. 179), Mr. Groh testified that he was not having weekly or other periodic calls with Bennett in 2010 as indicated on the documents, and, in fact, Bennett was not providing any service to Mount Vernon at the time (1/27/2016 Tr. at 85–86). At testimony, Bennett testified the records substantiate weekly calls about Mount Vernon’s pension plan, which then morphed into discussions about short-term cash. (Bennett Testimony at 409.⁶) But, according to Mr. Groh, Bennett Group never even served as pension consultant.⁷

131. Based on the evidence, it can be reasonably inferred that the weekly call sheets were falsified by the respondents. (Exs. 177–79.)

VI. FALSE STATEMENTS TO THE DISTRICT OF COLUMBIA SECURITIES REGULATOR

132. In October 2013, Senayet Meaza, Director of Market Examination for the District of Columbia Department of Insurance, Securities and Banking (“DISB”) wrote Bennett regarding the claims in the June 2009 “Top 100 Women Financial Advisors” Barron’s article, including the claim of “assets under management of more than a billion dollars.” (Ex. 87 (emphasis in original).)

⁶ Bennett testified similarly with respect to the “weekly call” documents for Dimension Data and Omega. (Exs. 177–78; Bennett Testimony at 393–94, 396–97, 404.)

⁷ The originals of the “weekly call” sheets (Exs. 177–79) were also purportedly lost in the office move.

133. On December 31, 2013, just a couple weeks after her first investigative testimony before the Commission staff, Bennett responded to Ms. Meaza's letter (Ex. 86).

134. In her December 31, 2013, letter, Bennett claims that, in 2009, Bennett Group had "asset [sic] under management of over \$1 Billion." (Ex. 86.) She went on to say that her "client's [sic] brokerage accounts had assets in excess of \$1 Billion (and still do)." (Ex. 86.) Further, in response to the DISB's question as to whether the Barron's listing was ever "used, mentioned, quoted or referred to . . . in any advertising or promotional material . . . or in any correspondence with clients or prospective clients," Bennett responds falsely, "Yes, but the use was infrequent." (Ex. 86.) Finally, Bennett, in response to another question, wrote, "We are not aware of any other publications where we were listed as a top manager/advisor." (Ex. 86.) But here she neglects to tell the DISB about at least two other publications, the later 2009 Barron's listing (AUM of \$1.3 billion) and the 2011 listing (AUM of \$1.8 billion).

VII. POLICIES AND PROCEDURES

135. Bennett Group's "Written Supervisory Policies and Procedures Manual" (Ex. 180), which was identified as the pertinent policies and procedures manual (Augustin Testimony at 106–07), was inadequate and, in any event, was not properly implemented. (OIP, 2015 WL 5243888, at *8 (¶¶ 46–48).)

136. Bennett Group did not adopt policies and procedures that appropriately addressed the calculation and advertisement of AUM and client performance. (Ex. 181, at pp. 8–13.)

137. Bennett Group did not conduct annual compliance reviews. (Ex. 181, at pp. 13–14; Augustin Testimony 111–19.)

138. Bennett Group did not appoint a knowledgeable and competent Chief Compliance Officer. (Ex. 181, at pp. 7, 14–15; Augustin Testimony 47–48.)

VIII. PROPOSED CONCLUSIONS OF LAW

139. For the sake of brevity, The Division will not repeat the points and authorities set forth in its Opening Post-Hearing Brief, which is incorporated herein as if fully set forth herein.

A. Legal Standard

140. Pursuant to the Court’s Order Following Prehearing Conference, “Respondents’ counsel represented that issuing a show cause order would be unnecessary if Respondents failed to appear at the hearing.” Bennett Grp. Fin. Servs., LLC & Dawn J. Bennett, No. 3453, slip op. at 1 n.1 (ALJ Dec. 31, 2015) [hereinafter “Order Following Prehearing Conference”]. The respondents failed to appear at the hearing and were found in default. (1/27/2016 Tr. at 9–10.) Accordingly, the facts of the OIP “would be found true, and the proceeding would be decided against [the respondents].” Order Following Prehearing Conference, slip op. at 1 n.1.

141. In its Opening Post-Hearing Brief, the Division sets forth “why the factual allegations laid out in the [OIP] demonstrate the violations alleged,” as well as its position regarding remedies. Order Following Prehearing Conference, slip op. at 1 n.1.

142. As to remedies, the applicable standard is preponderance of the evidence. See Lawrence Foster, No. 867, 2015 WL 4939695, at *2 (ALJ Aug. 19, 2015), notice of finality, No. 76,236, 2015 WL 6352087 (Oct. 22, 2015).

B. Violations

143. As a result of the conduct described herein (as well as in the OIP and the accompanying Opening Post-Hearing Brief), Bennett and Bennett Group willfully violated Section

17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b–5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities. 15 U.S.C. §§ 77q(a), 78j(b); 17 C.F.R. § 240.10b–5.

144. As a result of the conduct described herein (as well as in the OIP and the accompanying Opening Post-Hearing Brief), Bennett and Bennett Group willfully violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”), which prohibit fraudulent conduct by an investment adviser. 15 U.S.C. §§ 80b–6(1), 80b–6(2).

145. As a result of the conduct described herein (as well as in the OIP and the accompanying Opening Post-Hearing Brief), Bennett Group willfully violated, and Bennett willfully aided and abetted and caused the violations of, Section 206(4) of the Advisers Act and Rule 206(4)–1(a)(5) thereunder, which make it unlawful for an investment adviser to, directly or indirectly, publish, circulate, or distribute any advertisement, which contains any untrue statement of a material fact or which is otherwise false and misleading. 15 U.S.C. § 80b–6(4); 17 C.F.R. § 275.206(4)–1(a)(5).

146. As a result of the conduct described herein (as well as in the OIP and the accompanying Opening Post-Hearing Brief), Bennett Group willfully violated, and Bennett willfully aided and abetted and caused the violations of, Section 206(4) of the Advisers Act and Rule 206(4)–7 thereunder, which require an investment adviser to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules promulgated thereunder. 15 U.S.C. § 80b–6(4); 17 C.F.R. § 275.206(4)–7.

C. Relief

147. The Division incorporates by reference any identified relief, or potential relief, identified in the OIP.

148. Pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, 15 U.S.C. §§ 77h-1, 78u-3, 80b-3(k), Bennett and Bennett Group are ordered to cease and desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(5) and 206(4)-7 thereunder, 15 U.S.C. §§ 77q(a), 78j(b), 80b-6(1), 80b-6(2), 80b-6(4); 17 C.F.R. §§ 240.10b-5, 275.206(4)-1(a)(5), 275.206(4)-7.

149. It is appropriate and in the public interest that Bennett and Bennett Group be subject to cease-and-desist orders.

150. Bennett is permanently barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, is permanently barred from participating in any offering of a penny stock, including acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, and is permanently barred 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. 15 U.S.C. § 78o(b)(4)(D), (6)(A)(i); § 80b-3(e)(5), (f); § 80a-9(b)(2).

151. It is appropriate and in the public interest that Bennett be permanently and collaterally barred.

152. Bennett and Bennett Group, jointly and severally, are ordered to disgorge \$556,102, plus post judgment interest of \$88,087, for a total of \$644,189. 15 U.S.C. § 77h-1(e); § 78u-3(e); § 80b-3(k)(5); § 80a-9(d)(1)(A)(i), (e); 17 C.F.R. § 201.600.

153. It is appropriate and equitable that Bennett and Bennett Group disgorge \$556,102, which is a reasonable estimate or reasonable approximation of their ill-gotten gains.

154. Once the Division puts forth a reasonable approximation, “the burden shifts to the respondent to demonstrate clearly that the Division’s disgorgement figure is not a reasonable approximation.” Gordon Brent Pierce, No. 9205, 2011 WL 1790467, at *5 (ALJ May 11, 2011) (citing SEC v. Lorin, 76 F.3d 458, 462 (2d Cir. 1996), and SEC v. Patel, 61 F.3d 137, 140 (2d Cir. 1995)).

155. The respondents have not met—and, having defaulted, they cannot meet—their burden of demonstrating clearly that that the Division’s disgorgement figure is not a reasonable approximation. Gordon Brent Pierce, 2011 WL 1790467, at *5-6.

156. Pursuant to the Securities Act, the Exchange Act, the Advisers Act, and the Investment Company Act (“Investment Company Act”), Bennett Group shall pay a civil monetary penalty in the amount of \$2,900,000. 15 U.S.C. § 77h-1(g); § 78u-2(a); § 80b-3(i); § 80a-9(d).

157. Pursuant to the Securities Act, the Exchange Act, the Advisers Act, and the Investment Company Act, Bennett shall pay a civil monetary penalty in the amount of \$600,000. 15 U.S.C. § 77h-1(g); § 78u-2(a); § 80b-3(i); § 80a-9(d).

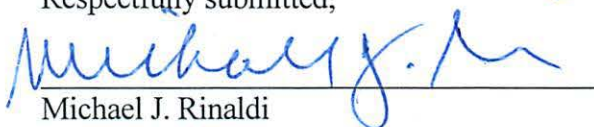
D. Constitutional Claims

158. The respondents previously moved to dismiss or to stay this administrative proceeding, arguing that the Commission's appointments of administrative law judges violate the Appointments Clause and that the Commission's administrative law judges enjoy two layers of tenure protection. The Court previously denied this motion. Bennett Grp. Fin. Servs., LLC & Dawn J. Bennett, No. 3493, slip op. at 1 (ALJ Jan. 12, 2016).

159. Notwithstanding the respondents' default on the merits of this case, the Division believes that, by moving the Court to declare the proceeding unconstitutional, the respondents have preserved their claim that the proceeding violates Article II of the Constitution. The Division therefore respectfully requests that, in its Initial Decision addressing the respondents' default and the merits of the claims against them, the Court also address respondents' constitutional claims. This will help ensure that the Court's decision on the constitutional claims may be appealed to the Commission.

Dated: March 2, 2016.

Respectfully submitted,

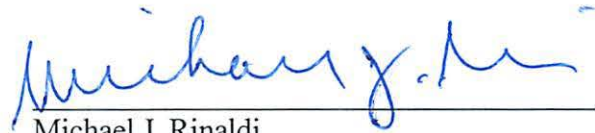


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STATEMENT OF FILING BY FACSIMILE

I hereby certify that, on this second day of March, 2016, with respect to In the Matter of Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative Proceeding File No. 3-16801, I caused a true and correct copy of the Division of Enforcement's Proposed Findings of Fact and Conclusions of Law to be filed via facsimile with the Office of the Secretary of the U.S. Securities and Exchange Commission pursuant to SEC Rule of Practice 151, 17 C.F.R. § 201.151. The facsimile was transmitted to (703) 813-9793.



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CERTIFICATE OF SERVICE

I hereby certify that, on this second day of March, 2016, with respect to In the Matter of Bennett Group Financial Services, LLC and Dawn J. Bennett, Administrative Proceeding File No. 3-16801, I caused a true and correct copy of the Division of Enforcement's Proposed Findings of Fact and Conclusions of Law (together with the accompanying Statement of Filing by Facsimile) to be served upon the following by first class mail and electronic mail:

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