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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17902

In the Matter of

JOHN T. LYNCH, JR.,

Respondent.

REPLY BRIEF IN FURTHER SUPPORT OF
DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION

The Court should grant the Motion for Summary Disposition by the Division of Enforcement ("Division") and impose against Lynch a permanent bar from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization (a "collateral bar"), and a permanent prohibition 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 (an "Investment Company Act prohibition") with no right to apply for reentry.

In Lynch's Response to the Division's Motion for Summary Disposition ("Response"), Lynch concedes that the allegations set forth in the Order Instituting Proceedings ("OIP") must be accepted as true for the purposes of these further proceedings. Lynch further admits that his

"mistakes" detailed in the OIP constitute violations of the federal securities laws.[1] (Response at 1.) Lynch also concedes that, based on these violations of the federal securities laws, a bar, albeit with the right to apply for reentry after one year, "would be fair and equitable." (*Id.* at 4, 25; Declaration of John T. Lynch, Jr., dated July 27, 2017 ("Lynch Decl.") at ¶ 26.) Accordingly, all that is left for the Court to determine in these proceedings is the length of Lynch's collateral bar and Investment Company Act prohibition.

Only Lynch's conduct is at issue in these proceedings, and the material facts related to that conduct are not in dispute. Given Lynch's stipulation to the veracity of the allegations in the OIP and his failure to demonstrate any dispute of fact, let alone a genuine dispute of *material* fact, summary disposition is appropriate. For the reasons set forth in the Division's Motion for Summary Disposition and as set forth below, the Division respectfully submits that a permanent collateral bar and Investment Company Act prohibition with no right to apply for reentry should be imposed against Lynch.

I. ARGUMENT

A. Lynch Has Not Raised Any Genuine Issues of Material Fact, and the Division Is Entitled to Summary Disposition as a Matter of Law

A motion for summary disposition may be granted if there is no genuine issue with regard to any material fact and the party making the motion is entitled to summary disposition as a matter of law. *See* 17 C.F.R. § 201.250(c). For the purposes of these further proceedings, the OIP instructs this Court to accept and deem true the factual allegations set forth in the OIP. (*See* OIP §

[1] Specifically, there is no dispute that Lynch willfully violated Sections 17(a)(2) and (3) of the Securities Act of 1933 (the "Securities Act") and Section 10(b) of the Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5(b) thereunder, and that Lynch willfully aided and abetted and caused Lawson Financial Corporation's ("LFC's") violation of Section 15(c) of the Exchange Act and Rule 15c2-12 thereunder. (*See* OIP at ¶ 42.)

IV). As such, the facts underlying Lynch's violations of the federal securities laws are not in dispute, and the Division's Motion for Summary Disposition relied solely on the allegations of the OIP with additional context provided by citations to Lynch's own admissions during his investigative testimony.

As Lynch himself acknowledges, "summary disposition is often appropriate in follow-on proceedings," and in such follow-on proceedings disputes of fact requiring a hearing "will be rare." (Response at 16 (citing *In re Brownson*, A.P. File No. 3-10295, 2002 WL 1438186, at *2 n.12 (July 2, 2002) (Commission Opinion))); *see also Kornman v. SEC*, 592 F.3d 173, 182 (D.C. Cir. 2010) (noting summary disposition may be appropriate when "only the question of the appropriate sanction remains"). That is the case here. None of the facts upon which the Division relies are in dispute, and Lynch has failed to raise any other genuine issues of material fact that would require a hearing.

It is not necessary to hold a hearing in order to indulge Lynch's desire to call other members of the financing team as witnesses so that Lynch may examine them about their own alleged misconduct or their own due diligence upon which Lynch purportedly relied in connection with LFC's underwriting of the 12 fraudulent conduit municipal bond offerings for the benefit of Christopher Brogdon (collectively, the "Brogdon Bond Offerings"). (*See* Response at 16-17.) The law on a municipal securities underwriter's "independent responsibilities" to conduct due diligence is clear. *Dolphin & Bradbury, Inc. v. SEC*, 512 F.3d 634, 641 (D.C. Cir. 2008) (internal quotation marks and citation omitted). As is the case here, the underwriter in *Dolphin and Bradbury* tried to abdicate his responsibility for failing to disclose facts to investors by pointing the finger at bond counsel and other financial advisers involved in a municipal securities offering for failing to make the same disclosures. *Id.* at 641-42. The D.C. Circuit, however, held that a municipal securities

underwriter "cannot rely on the silence of others to absolve himself of responsibility" to disclose facts to investors. *Id.* at 642. Regardless of the alleged misconduct or due diligence efforts of others, Lynch failed to conduct his own due diligence on the Brogdon Bond Offerings as required by virtue of his senior position at LFC. Therefore, allowing Lynch to examine other members of the Brogdon Bond Offerings' financing team will only serve as a needless distraction and shed no light on Lynch's conduct in his key gatekeeping role as LFC's underwriter's counsel and investment banker.

In determining whether it is appropriate in the public interest to impose a collateral bar or Investment Company Act prohibition against Lynch, the Court must consider the *Steadman* factors only as they relate to Lynch—the egregiousness of Lynch's actions; the isolated or recurrent nature of Lynch's conduct; the degree of Lynch's scienter; the sincerity of Lynch's assurances against future violations; Lynch's recognition of the wrongful nature of his conduct; and the likelihood Lynch's occupation will present opportunities for future violations. *See Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Lynch's conduct as LFC's underwriter's counsel and investment banker is fully addressed in the OIP. Even if other members of the financing team made errors or were aware of red flags, their conduct (including their failure to share these red flags with Lynch) has no bearing on Lynch's independent failure to conduct reasonable due diligence in connection with LFC's underwritings of the Brogdon Bond Offerings.[2]

[2] Specifically, Lynch claims in his declaration that other members of the financing team told him that Brogdon was reliable and none of the other members of the financing team expressed dissatisfaction or concerns to him about Brogdon. (*See* Lynch Decl. at ¶¶ 18-19.) These assertions do not create a genuine issue of material fact that requires a hearing. As discussed above, an underwriter cannot satisfy its independent due diligence obligations by merely relying on the representations of other members of the financing team. (*See also infra* § I.B; OIP at ¶ 25 ("Lynch did not conduct or cause to be conducted a review of EMMA of any of the Brogdon-

Moreover, Lynch does not even claim that the potential testimony of these witnesses has *any* bearing on Lynch's substantial other misconduct as alleged in the OIP, including Lynch's decision to misrepresent to investors that he was qualified and permitted to serve as LFC's underwriter's counsel and his failure to cause LFC to obtain a Continuing Disclosure Agreement in connection with the Clayton V Offering. Permitting Lynch to examine other members of the financing team about their alleged misconduct would simply waste this Court's time and resources on a sideshow with no relevance to the essential question of what is the appropriate remedial sanction for Lynch in light of the facts contained in the OIP.

There is also no genuine issue of material fact that requires Lynch's testimony. Lynch has submitted a fulsome 26-paragraph narrative declaration along with his Response to the Division's Motion for Summary Disposition, wherein he discusses his background, employment history, and work on the Brogdon Bond Offerings. Lynch's testimony on these same points would be duplicative and superfluous.

All of the relevant facts are before the Court and none are in dispute. Accordingly, the Division's motion for summary disposition should be granted because Lynch has raised no genuine issues of material fact and the Division is entitled to summary disposition as a matter of law.

B. A Permanent Collateral Bar and Investment Company Act Prohibition Against Lynch Is Appropriate In the Public Interest

As discussed in the Division's Motion for Summary Disposition, the allegations in the OIP establish that Lynch's conduct merits a permanent collateral bar and Investment Company Act prohibition. In his Response, Lynch himself acknowledges that remedial sanctions are in the

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controlled borrowers in connection with these underwritings, despite the numerous red flags associated with the Brogdon Bond Offerings. Instead, Lynch relied solely on the representations of Brogdon, his representatives, BOKF, and other parties to the transactions.").)

public interest—Lynch only differs from the Division on whether he should be granted a right to apply for reentry, asserting that a temporary suspension or a permanent bar with the right to apply for reentry after one year "would be fair and equitable." (Response at 4, 25; Lynch Decl. at ¶ 26.) Accepting all of the factual allegations in Lynch's opposition papers as true to the extent not contradicted by the allegations of the OIP and drawing all reasonable inferences in Lynch's favor, the Division submits that a permanent collateral bar and Investment Company Act prohibition with no right to apply for reentry is nevertheless an appropriate sanction in this matter.

Instead of taking full responsibility for his misconduct, throughout the Response and his declaration, Lynch continues to attempt to minimize his key gatekeeping role at LFC in connection with the fraudulent Brogdon Bond Offerings and to shift the blame to others, namely, Robert Lawson, LFC's founder and CEO, and the other members of the financing team. (*See* Response at 7-12.) However, as the head of investment banking at LFC and as LFC's underwriter's counsel for each of the 12 fraudulent Brogdon Bond Offerings (a dual role he did not disclose to investors), it was Lynch who was uniquely situated to detect and put a stop to Brogdon's fraud, which he failed to do.[3] (*See* OIP at ¶¶ 1, 7, 36.)

It is well established that, in conduit municipal bond offerings like the Brogdon Bond Offerings, the underwriter has a key gatekeeping role with an *independent* due diligence responsibility. As the D.C. Circuit explained, an underwriter "occupies a vital position in a securities offering because investors rely on its reputation, integrity, independence, and expertise." *Dolphin & Bradbury*, 512 F.3d at 641. Accordingly, an underwriter has a "heightened obligation

[3] Lynch's central role at LFC during the underwriting of the Brogdon Bond Offerings is further corroborated by Lynch's current professional biography on the "Our Team" webpage of the John W. Loofbourrow Associates, Inc., website, which states: "From 2009 until 2014, Mr. Lynch was a Managing Director and *Head of Investment Banking for Lawson Financial Corporation* in Phoenix, Arizona." (emphasis added.) A capture of this webpage is attached as Exhibit 1 to the Declaration of David H. Tutor, dated August 4, 2017 ("Tutor Decl.").

to ensure adequate disclosure," and an underwriter "must investigate and disclose material facts that are known or reasonably ascertainable" in order to fulfill this independent responsibility. *Id.* (internal quotation marks and citations omitted). Lynch did nothing of the sort.

Despite his key gatekeeping role, Lynch engaged in three principal areas of willful misconduct in his dual capacity as LFC's underwriter's counsel and investment banker: (1) Lynch misrepresented to investors that he was qualified and permitted to serve as LFC's underwriter's counsel in the bond offering documents he helped prepare; (2) Lynch failed to conduct reasonable due diligence on the Brogdon Bond Offerings; and (3) Lynch aided and abetted and caused LFC to fail to obtain a Continuing Disclosure Agreement as required by Exchange Act Rule 15c2-12 for an April 2013 offering. (OIP at ¶¶ 11-41.) In doing so, Lynch willfully violated Sections 17(a)(2) and (3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, and Lynch willfully aided and abetted and caused LFC's violation of Section 15(c) of the Exchange Act and Rule 15c2-12 thereunder. (OIP at ¶ 42.) As detailed in the OIP, it is clear that this conduct was egregious and recurrent and that Lynch acted with scienter. *See Aaron v. SEC*, 446 U.S. 680, 695 (1980) (finding scienter is a necessary element of a violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder).

Lynch's current assertion of a "good faith belief that he was acting in his client's interests" does not mitigate the need to impose a permanent collateral bar or Investment Company Act prohibition under the *Steadman* factors. (*See* Response at 22.) There is no colorable claim that Lynch's self-serving misrepresentations to investors about his qualifications, his failure to conduct reasonable due diligence in the face of red flags, or his failure to cause LFC to obtain a Continuing Disclosure Agreement for the Clayton V Offering were actions taken for the benefit of LFC's investors. Similarly, the self-induced "stress" that Lynch felt due to his undisclosed dual role as

LFC's underwriter's counsel and investment banker does not mitigate the need to impose a permanent collateral bar or Investment Company Act prohibition under the *Steadman* factors. (*See* Response at 23.) In light of Lynch's substantial experience in the industry, Lynch's claim that Lawson "forced him into the dual role of investment banker and underwriter's counsel in order to be paid, while ignoring [Lynch's] exhortations regarding the due diligence function" strains credulity. (*See id.*) Lynch's assurances against future violations and his purported recognition of wrongdoing are also belied by his continued failure to make *any* of his required installment payments of disgorgement or civil money penalty pursuant to the negotiated payment plan contained in the OIP. (*See* Lynch Decl. ¶ 25.) This demonstrates a continued failure to appreciate the severity of his misconduct and a lack of regard for his obligations under the OIP.

Lynch's central role at LFC and on the Brogdon Bond Offerings, as well as his admitted, knowing, and recurrent violations of the federal securities laws in connection with those offerings, weighs in favor of imposing the greatest possible sanction. The facts of *In re Fang*, a recent underwriting due diligence case, are instructive as to the appropriateness of a permanent bar with no right to reapply in this matter. *See* A.P. File No. 3-16486, 2015 WL 1599668 (Apr. 10, 2015). In *Fang*, a settled Commission order, the Commission found that an investment banking associate with an underwriting firm was alleged to have violated Sections 17(a)(2) and 17(a)(3) of the Securities Act in connection with his participation in the firm's underwriting of a single public stock offering. *Id.* at *1. Pursuant to Fang's offer of settlement, the Commission deemed it appropriate and in the public interest to impose a collateral bar and penny stock bar with the right to apply for reentry after five years. *Id.* at *1-2. Unlike in *Fang*, Lynch violated Sections 17(a)(2) and 17(a)(3) of the Securities Act over the course of 12 offerings, not just in a single offering, and Lynch also violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder and willfully

aided and abetted and caused LFC's violation of Section 15(c) of the Exchange Act and Rule 15c2-12 thereunder. Further, Fang agreed to a five-year bar evidencing his acceptance of responsibility, while Lynch continues to minimize his conduct and advocate for a shorter time out. Accordingly, Lynch's conduct merits a more serve sanction.[4]

In light of Lynch's egregious, knowing, and recurrent conduct detailed in the OIP, the public interest weighs in favor of imposing the greatest possible sanction against Lynch.

C. Lynch's Appointments Clause Challenge to These Proceedings Is Meritless

Lynch contends, in passing, that "in order to properly preserve the issue, Respondent submits that the Commission's appointment of Administrative Law Judges runs afoul of the Constitution's Appointments Clause." (Response at 1 n.1.) However, by agreeing to a bifurcated settlement that includes these further proceedings, Lynch has waived this argument.

On February 14, 2017, Lynch submitted an offer of settlement for the purpose of settling all aspects of this matter but for the determination of the length of a collateral bar and Investment Company Act prohibition, if any (the "Offer"). (*See* Tutor Decl. Ex. 2.) Pursuant to the Offer, Lynch "[a]dmits the jurisdiction of the Commission over him and over the matters set forth in the [OIP]." (Offer at § VI.A.) Further, the Offer provides that Lynch agrees to these very "additional proceedings in this proceeding" to determine whether a collateral bar and Investment Company Act prohibition is appropriate in the public interest. (*Id.* at § VII.) Lynch's negotiated settlement, which only requires the disgorgement of the fees he received from one of the Brogdon Bond

[4] In the related case of *In re Lawson Financial Corporation and Robert Lawson*, the Commission found that Robert Lawson willfully violated Sections 17(a)(2) and (3) of the Securities Act and willfully aided and abetted and caused LFC's violations of Section 15(c)(2) of the Exchange Act and Rule 15c2-12 thereunder. *See* A.P. File No. 3-17901, 2017 WL 1245083 (Apr. 5, 2017). Pursuant to an Offer of Settlement, Lawson received a collateral bar and Investment Company Act prohibition with a right to apply for reentry after three years. Unlike Lawson, Lynch also misrepresented his qualifications as an attorney and knowingly violated Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

Offerings (the Clayton V Offering), prejudgment interest thereon, and a commensurate civil penalty, specifically contemplated these further proceedings; Lynch cannot now claim that the proceedings he agreed to are somehow unconstitutional.

To the extent that Respondent's argument is not waived, the Commission has made clear that it finds no merit to the contention that its Administrative Law Judges are inferior officers not appointed in a manner consistent with the Appointments Clause of the Constitution. *See, e.g.*, *In re Bennett Grp. Fin. Servs., LLC & Dawn J. Bennett*, A.P. File No. 3-16801, 2017 WL 1176053, at *5 (Mar. 30, 2017) (Commission Opinion); *In re Harding Advisory LLC and Wing F. Chau*, A.P. File No. 3-15574, 2017 WL 66592, at *19 (Jan. 6, 2017) (Commission Opinion).

II. CONCLUSION

The Division respectfully requests that the Court grant the Division's Motion for Summary Disposition and impose a permanent collateral bar and Investment Company Act prohibition against Respondent with no right to apply for reentry.

Date: August 4, 2017
~~New York, New York~~

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17902

In the Matter of

JOHN T. LYNCH, JR.,

Respondent.

DECLARATION OF DAVID H. TUTOR IN FURTHER SUPPORT OF DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION

DAVID H. TUTOR, pursuant to 28 U.S.C. § 1746, declares:

1. I am a Counsel with the Division of Enforcement ("Division") of the Securities and Exchange Commission, and co-counsel for the Division in the above-captioned administrative proceeding. I submit this Declaration in further support of the Division's Motion for Summary Disposition.

2. Attached hereto as Exhibit 1 is a true copy of a website capture of the "Our Team" page of the John. W. Loofbourrow Associates, Inc., website, which was obtained on July 28, 2017. The webpage is available at the following URL: http://loofinc.com/team.htm.

3. Attached hereto as Exhibit 2 is a true copy of the signed, initialed, and notarized offer of settlement of John T. Lynch, Jr., dated February 14, 2017.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 4, 2017
New York, New York

David H. Tutor

ADMINISTRATIVE PROCEEDING

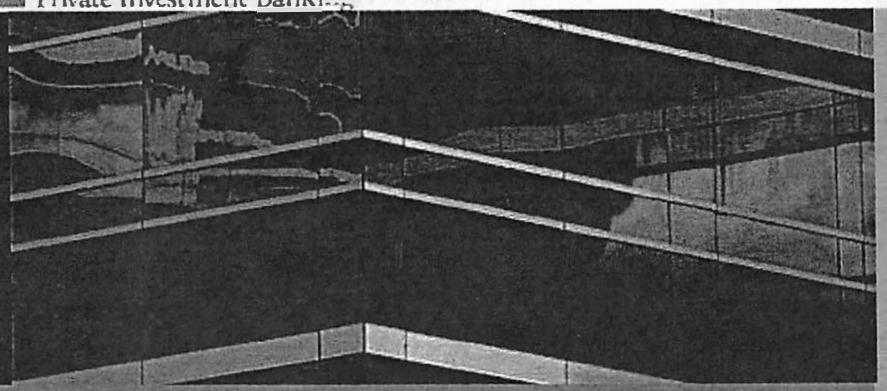
File No. 3-17902

Exhibit 1

John W. Loofbourrow Associates, Inc. ***Member, FINRA, MSRB, SIPC***

Loofbourrow
Private Investment Banki...

Services
Asset & Industry Specialties
Select Transactions
Our Team
Contact Us



Our Team

John W. Loofbourrow
President

John Loofbourrow founded John W. Loofbourrow Associates, Inc. in 1980, and has specialized in institutional private placements for more than 30 years.

Prior to founding the firm, he had established the Investment Banking division of First Pennco Securities, where he and his staff structured and sold over $300 million in healthcare and educational financings. He began his capital markets career at Salomon Brothers Inc., serving as Director of the Computer Division and Vice President in the Institutional Bond Division.

Mr. Loofbourrow holds a B.S. degree in Engineering from Rensselear Polytechnic Institute and did graduate work at Case Western Reserve Business School. Mr. Loofbourrow holds a Series 24, General Securities, license.

Scott T. Schauer
Managing Director

Scott Schauer joined Loofbourrow in 1998, and has over 15 years of experience in the financial services industry.

Before coming to Loofbourrow, Mr. Schauer was responsible for originating asset-backed purchases for Sumitomo Bank, Limited and its various Commercial Paper conduits. Prior to his experience at Sumitomo, he was with the Private Placement Group of Prudential Insurance, where he analyzed various types of asset-backed securities and developed risk and portfolio management tools.

Our Promise to You

We promise to work with you to create the most appropriate, innovative solution to your financial needs by listening; by involving only the most reliable and responsible lenders; and by applying all our expertise and creativity to deliver a product that precisely matches your requirements each and every time. You can trust Loofbourrow to partner with you to expand the realm of the possible.

Mr. Schauer holds a B.S. in Management from Saint John Fisher College and an MBA from the Stern School of Business at NYU. He holds a Series 24, General Securities Principal, license.

John T. Lynch, Jr.
Managing Director

John T. Lynch, Jr. is a Managing Director with John W. Loofbourrow Associates, Inc. and the Managing Principal of Trident Capital Holdings, LLC, which represents corporate and not-for profit clients in the areas of charter schools, senior housing, healthcare, and commercial and real estate development opportunities.

From 2009 until 2014, Mr. Lynch was a Managing Director and Head of Investment Banking for Lawson Financial Corporation in Phoenix, Arizona. He also worked as a Senior Investment Banker and independent contractor with Herbert J. Sims & Co., Inc., ("HJ Sims") for approximately fifteen months prior to joining Loofbourrow Associates.

Mr. Lynch was a practicing attorney for five years with a law firm in Philadelphia, Pennsylvania, specializing in corporate and securities law, including municipal bonds, before entering investment banking. Mr. Lynch became an investment banker based in New York City for over 15 years working in both the corporate and municipal finance areas as a Managing Director with such firms as Lehman Brothers Kuhn Loeb, Dillon, Read & Co., Inc. and Dean Witter Reynolds,Inc., where he managed the Health Care Finance Groups of these firms and was on the Executive Committee of the Corporate Finance Department.

In 1990, he became a co-founding partner in the private investment banking firm of Trouver Capital Partners, L.P. with offices in Princeton and Los Angeles specializing in financial advisory assignments and venture capital placements. He has been directly involved in over $8.25 billion of financings including initial and secondary public equity and debt offerings, private placements, taxable and tax-exempt bonds, government insured programs, mergers and acquisitions and corporate reorganizations.

From 1992 through 1999 Mr. Lynch was an investor and member of the Board of Directors of Unison HealthCare Corporation (later RainTree HealthCare Corporation) a public national healthcare services company headquartered in Scottsdale, Arizona. For the period 1997 through 1999, Mr. Lynch was also a member of the Board of Directors of Healthcare Capital Resources, Inc., a financial services company located in New York City providing working capital and debt financing to the healthcare industry. Mr. Lynch has also served on the boards of a

number of other private and public companies during his investment banking career.

He received his undergraduate degree (B.A.) from LaSalle University, Philadelphia, Pennsylvania; his masters in business degree (M.B.A.) from the Wharton School of Business and Finance at the University of Pennsylvania; and holds a law degree (J.D.) from St. Louis University School of Law.

Mr. Lynch is a member of the American, Pennsylvania and Federal Bar Associations and a former board member of the Bucks County (PA) Bar Association. He is a Registered Investment Advisor and also holds Series 7, 31, 66 and 79 Securities Licenses.

Brian Foley
Managing Director

Brian Foley is an independent market analyst in the general aviation industry and is often quoted in trade press and business journals.

Assignments typically include market research, guidance retainers and other high level activities for the investment community, aviation companies and other consultancies.

He formed Brian Foley Associates (BRiFO) in 2006 after 20 years as Dassault Falcon Jet's Director of Marketing. His career began at the Boeing Company in Flight Test and Marketing.

The firm is often chosen on the basis of Foley's reputation and recognition in the industry, being independent and opinionated and having actual management work experience in the aviation industry. He also maintains a footprint in the investment banking community through affiliate John W. Loofbourrow Associates, and in branding with affiliate SocialVoice LLC.

Mr. Foley holds a dual degree in mechanical and aerospace engineering from Syracuse University, MBA from Seattle University. He serves in Board Member and Senior Advisor capacities having completed the Wharton Executive Education Program on Corporate Governance.

Daniel G. Eastman
Managing Director

Daniel Eastman joined Loofbourrow in 2010, an has over 30 years experience in the financial services industry. In addition to C&I lending, Mr. Eastman's experience includes project finance, high tech, biotech, media & telecom, and asset based lending.

Prior to joining Bay Colony Capital, Mr. Eastman represented a number of prominent banking institutions ranging from small regional banks to major multi-national competitors. In 2005, he launched Citibank's successful entry into the Boston Market, which culminated in the opening of 30 de novo retail branches, the recruitment of 500 employees and the origination of over $1 billion in new business. Prior to Citibank, he

represented the Citizens Bank subsidiary of the Royal Bank of Scotland, where he was responsible for originating large corporate relationships in New England. Prior to Citizens, he managed Sumitomo Bank's loan production office in Boston, and served as a top commercial lender for Lloyds Bank Plc., Daiwa Bank Ltd. and Bank of Boston.

Mr. Eastman holds a B.S. degree in Engineering from Cornell University, and completed post-graduate courses in banking and accounting at Boston University and the Darden School of Business in Virginia. He holds a Series 7, General Securities, license.

Ashok Sharma
Managing Director

Ashok has over 20 years of diverse experience in investment management, finance and corporate development. Prior to joining Loofbourrow, Ashok was head of Investments at Eight Capital, an emerging markets special situations hedge fund. He structured, negotiated and closed fund's investments in several companies in various sectors including textiles, retail and durable foods. He also served on board of directors of two portfolio companies and actively advised them on financial turnaround and growth strategies. Before Eight Capital, Ashok spent several years in corporate management in Fortune 500 companies as well as in entrepreneurial ventures. His experience includes head of financial reporting, analysis and budgeting team for Large Business division at Sprint Telecom, Group Manager for cloud based hosted services at Avaya (formerly Lucent/AT&T) and Senior Director for Products at Sitara Networks. He also served as a senior executive at MaxComm Technologies, a telecom start up where he led business planning and strategy functions and played a key role in the company's acquisition by Cisco.

Ashok started his career with Tata Consultancy Services where he managed development teams for financial services products for clients including Hong Kong Bank, Westpac of New Zealand and PSK Bank of Austria. Ashok has a BS degree in Mechanical Engineering and an MBA in Finance from Wharton Business School, University of Pennsylvania. He holds a Series 79, Investment Banking license.

Dr. Craig A. Zabala
Managing Director & Registered Representative

Dr. Zabala is also the Founder, Chairman, President, and Chief Executive Officer of Concorde Group Holdings, Inc. since 2015; The Concorde Group, Inc. since 1998; Blackhawk Capital Group BDC, Inc., since 2004; Concorde Europe Limited (United Kingdom), since 2001; DBL Holdings LLC (dba Drexel Burnham Lambert), since 2000; and Co-Founder and President of Concorde Investment Managers since 2000. From 2007 to 2013, Dr. Zabala was also a Registered Representative at Torsiello Securities, Inc. From 2010 – 2011, he was Managing Director of Merchant Banking at

787 Capital Group LLC, a privately-held merchant banking firm in New York City, under a joint venture with The Concorde Group, Inc. The former Governor of New York State, Mario M. Cuomo, was Chairman of the Board of 787 Capital. Additionally, Dr. Zabala was on the editorial board of Global Focus, an academic journal on international business, economics, and social policy at the Zicklin School of Business, Baruch College, City University of New York. From 2002 to 2003, he was a Registered Representative and an Investment Advisor with Brean Murray & Co., Inc. in New York City. From 1999 to 2001, Dr. Zabala was Senior Vice President of Merchant Banking and Investment Advisor with Trautman, Wasserman & Company, a merchant bank and broker dealer in New York City under a joint venture with Concorde Group. From 1998 to 2002, he was Scholar in Residence and Visiting Lecturer at the Zicklin School of Business and the Department of Finance, Graduate School, Baruch College, CUNY, where he taught an MBA course on Entrepreneurial Strategy and a course on Special Topics in Investment Banking for the M.S. degree in Finance. Prior to this, from 1997 to 1998, Dr. Zabala was Vice President and Investment Advisor, Private Client Group, Merrill Lynch & Co., New York City. From 1996 to 1997, Dr. Zabala was an investment banker at Baird Patrick & Company, Inc., New York City. Prior to this, from 1994 to 1995, Dr. Zabala was an Acting Chief Financial Officer for portfolio companies and Investment Banker at Gilman Securities, Inc. in New York City. From 1992 through April 1996, Dr. Zabala was Vice Chairman of the Board of Directors of Golf Reservations of America, Inc., Sherman Oaks, California. From 1991 to 1993, Dr. Zabala was Visiting Scholar and Visiting Lecturer, teaching the following courses, Entrepreneurship, Venture Capital and Applied Finance, at the Walter A. Haas School of Business, University of California at Berkeley. From 1990 to 1991, he was Visiting Fellow at the School of Industrial and Business Studies, University of Warwick, Coventry, England. From 1989 to 1990, he was Assistant of the President and Investment Banker and Vice President of Corporate Finance at D.H. Blair and Company, an investment bank and broker dealer in New York City. From 1986 to 1990, he served as Assistant Professor of Management at the School of Management, Rensselaer Polytechnic Institute, in Troy, New York. Dr. Zabala was a Doctoral Fellow conferred by the U.S. Senate (1979 to 1981) and an Economist at the U.S. Department of Labor (1979 to 1982) and an Economist at the U.S. Department of Commerce (1982 to 1986) in Washington, D.C. He was also a full-time autoworker from 1976 to 1983 at the General Motors Assembly Division, General Motors Corporation, Van Nuys, California, where he worked and also performed doctoral research on production relations in the U.S. automobile industry. Dr. Zabala received his A.B., magna cum laude, Pi Gamma Mu and Phi Beta Kappa, in 1974, and Chancellor Fellow conferred by the Graduate Division (1974 to 1983) leading to the M.A. in 1977 and Chancellor Fellow and Doctoral Fellow, conferred by the U.S. Senate and the U.S. Department of Labor (1979-1981), for the Ph.D. in 1983 from the University of California, Los Angeles (UCLA). He was Postdoctoral Scholar at UCLA in 1986. He pursued postgraduate studies in production theory and econometrics in the Department of Economics, The George Washington University, Washington, D.C., from 1980 to 1984. He is currently completing a MSc in Finance with a focus on globalization and central banking at the Center for Financial and Management Studies, School of Oriental and African Studies, University of London, UK, degree expected 2016. Dr. Zabala is also a Ph.D. candidate in Finance at École des Hautes Études Commerciales du Nord, a Grande école, EDHEC-Risk Institute, Nice, France, with a concentration in stochastic calculus and continuous-time financial models, degree

expected 2018. Dr. Zabala has published widely in academic books and journals in the fields of business, economics, finance, industrial relations, management, sociology, and federal government and financial services industry publications. Dr. Zabala holds the General Securities Registered Representative (Series 7), Uniform State Securities Agent (Series 63), Investment Advisor Representative (Series 65), Limited Securities Representative-Investment Banking (Series 79) and Operational Professional (Series 99) securities licenses.

Richard J. Kelly
Managing Director & Registered Representative

Richard J. Kelly is Managing Director and Registered Representative of John W. Loofbourrow Associates, Inc., Member FINRA, SIPC, MSRB, since 2014, a Managing Director of Concorde Group Holdings Inc. since 2015, and a Managing Director of Investment Banking at The Concorde Group, Inc. since 2008, and. He has more than 32 years of experience in the financial services industry. Mr. Kelly has advised on merger-and-acquisition transactions with over $7 billion in transaction value and has been involved in public and private debt and equity transactions that have raised approximately $1.5 billion. Notable transactions that Mr. Kelly has been involved with over his career have included representing National Bancorp of Alaska in its sale to Wells Fargo & Co., as well as initiating and representing Chittenden Corporation in its acquisition of Vermont Financial Services Corp. and the sale of Merchants New York Bancorp to Valley National Corp. In addition, Mr. Kelly represented Household International in the sale of its banking charter to facilitate its sale to HSBC. Prior to joining Concorde Group, from 2006 to 2008, Mr. Kelly was Head of Financial Services, Investment Banking Group at SHM Capital, New York, NY, specializing in commercial banks, thrifts, broker/dealers and specialty finance companies. Responsibilities included initial and secondary offerings of equity-capital securities, issuance of a full range of fixed-income securities, mergers and acquisitions and the complete spectrum of advisory services for the financial-services industry. From 2003 to 2005, he was Managing Director at Friedman Billings Ramsey & Co., Inc. From 2001 to 2003, he was Managing Director at Putnam Lovell NBF. From 1998 to 2000, Mr. Kelly was Managing Director at CIBC World Markets. From 1991 to 1997, he was Managing Director and Head of Investment Banking at M.A. Schapiro & Co., Inc. From 1987 to 1991, Mr. Kelly was a Vice President and Head of Financial Services at Tucker Anthony, Inc. From 1982 to 1987, Mr. Kelly was an Associate at Keefe, Bruyette & Woods, Inc. in the BankWatch credit rating/advisory service (1982-1984), and then an Assistant Vice President in the Investment Banking Department (from 1984-1987). Mr. Kelly began his career in 1979 as a financial analyst in the commercial banking and insurance industries at The First National Bank of Boston. Mr. Kelly is a graduate of Amherst College in 1979 majoring in Anthropology and attended the Graduate School of Management at Babson College majoring in Finance. Mr. Kelly has been published in numerous periodicals and newspapers. Mr. Kelly holds the General Securities Registered Representative (Series 7), General Supervisory (Series 24), and Uniform State Securities Agent (Series 63).

ADMINISTRATIVE PROCEEDING

File No. 3-17902

Exhibit 2

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No.

In the Matter of	
JOHN T. LYNCH, JR.	**OFFER OF SETTLEMENT OF JOHN T. LYNCH, JR.**
Respondent.	

I.

John T. Lynch, Jr. ("Lynch" or "Respondent"), pursuant to Rule 240(a) of the Rules of Practice of the Securities and Exchange Commission ("Commission") [17 C.F.R. § 201.240(a)] submits this Offer of Settlement ("Offer") in anticipation of public administrative and cease-and-desist proceedings to be instituted against him by the Commission, pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 4C, 15(b), 15B(c)(4), 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act"), and Rule 102(e)(1)(iii)[1] of the Commission's Rules of Practice.

II.

This Offer is submitted solely for the purpose of settling these proceedings, with the express understanding that it will not be used in any way in these or any other proceedings, unless the Offer is accepted by the Commission. If the Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to Respondent and shall not become a part of the record in these or any other proceedings, except that rejection of the Offer does not affect the continued validity of the

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[1] Rule 102(e)(1)(iii) provides, in pertinent part, that:

> The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

waivers pursuant to Rule 240(c)(5) of the Commission's Rules of Practice [17 C.F.R. § 201.240(c)(5)] with respect to any discussions concerning the rejection of the Offer.

III.

Consistent with the provisions of 17 C.F.R. § 202.5(f), Respondent waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein.

IV.

Respondent hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Respondent to defend against this action. For these purposes, Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.

V.

By submitting this Offer, Respondent hereby waives, subject to the acceptance of the offer, the rights specified in Rule 240(c)(4) [17 C.F.R. §201.240(c)(4)] of the Commission's Rules of Practice. Specifically, Respondent waives:

(1) All hearings pursuant to the statutory provisions under which the proceeding is to be or has been instituted;

(2) The filing of proposed findings of fact and conclusions of law;

(3) Proceedings before, and an initial decision by, a hearing officer;

(4) All post-hearing procedures; and

(5) Judicial Review by any court.

In addition, by submitting this offer, Respondent waives the rights specified in Rule 240(c)(5) [17 C.F.R. § 201.240(c)(5)] of the Commission's Rules of Practice. Specifically, Respondent waives:

(1) Any and all provisions of the Commission's Rules of Practice or other requirements of law that may be construed to prevent or disqualify any member of the Commission's staff from participating in the preparation of, or advising the

Commission as to, any order, opinion, finding of fact, or conclusion of law that may be entered pursuant to this Offer; and

(2) Any right to claim bias or prejudgment by the Commission based on the consideration of or discussions concerning settlement of all or any part of this proceeding.

Respondent also hereby waives service of the Order.

VI.

Respondent hereby:

A. Admits the jurisdiction of the Commission over him and over the matters set forth in the Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C, 15(b), 15B(c) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, and Notice of Hearing ("Order"), which is attached;

B. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission or in which the Commission is a party, and without admitting or denying the findings contained in the Order, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, except as provided herein in Section X, consents to the entry of the Order, in which the Commission:

1. finds that Lynch willfully violated Sections 17(a)(2) and (3) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, and Lynch willfully aided and abetted and caused Lawson Financial Corporation's violation of Section 15(c) of the Exchange Act and Rule 15c2-12 thereunder;

2. orders that Lynch cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 10(b) and 15(c) of the Exchange Act and Rules 10b-5 and 15c2-12 thereunder; and

3. denies Lynch the privilege of appearing or practicing before the Commission as an attorney.

4. Lynch shall pay disgorgement of $20,000.00 and prejudgment interest of $2,338.00, and a civil money penalty in the amount of $22,338.00 to the Securities and Exchange Commission. Payment shall be made in 12 equal installments of $3,723.00 on the 20th day of each month, starting on March 20, 2017, and ending on February 20, 2018. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. §

APRIL JJL

MARCH JJL

7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, Oklahoma 73169

Payments by check or money order must be accompanied by a cover letter identifying Lynch as Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Lara Shalov Mehraban, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, NY 10281.

5. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action

grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

VII.

Pursuant to the Order, Respondent agrees to additional proceedings in this proceeding to determine whether, pursuant to Sections 15(b) and 15B(c) of the Exchange Act and Section 9(b) of the Investment Company Act, it is appropriate in the public interest to bar Respondent from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, and prohibit Respondent 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. In connection with such additional proceedings, Respondent agrees: (a) he will be precluded from arguing that he did not violate the federal securities laws described in the Order; (b) he may not challenge the validity of the Order; (c) solely for the purposes of such additional proceedings, the allegations of the Order shall be accepted as and deemed true by the hearing officer; and (d) the hearing officer may determine the issues raised in the additional proceedings on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence.

VIII.

Respondent understands and agrees to comply with the terms of 17 C.F.R § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Respondent's agreement to comply with the terms of Section 202.5(e), Respondent: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any finding in the Order or creating the impression that the Order is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Respondent does not admit the findings of the Order, or that the Offer contains no admission of the findings, without also stating that the Respondent does not deny the findings; and (iii) upon the filing of this Offer of Settlement, Respondent hereby withdraws any papers previously filed in this proceeding to the extent that they deny, directly or indirectly, any finding in the Order. If Respondent breaches this agreement, the Division of Enforcement may petition the Commission to vacate the Order and restore this proceeding to its active docket. Nothing in

this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

IX.

Respondent agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source including, but not limited to, payment made pursuant to any insurance policy, with regard to any penalty amounts that Respondent shall pay pursuant to the Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Respondent further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state or local tax for any penalty amounts that Respondent shall pay pursuant to the Order, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

X.

Respondent stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, that the findings in the Order are true, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under the Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

XI.

Respondent states that he has read and understands the foregoing Offer, that this Offer is made voluntarily, and that no promises, offers, threats, or inducements of any kind or nature whatsoever have been made by the Commission or any member, officer, employee, agent, or representative of the Commission in consideration of this Offer or otherwise to induce him to submit to this Offer.

Signed this 14th Day of February 2017

John T. Lynch, Jr.

STATE OF Arizona }
} SS:
COUNTY OF Maricopa }

The foregoing instrument was acknowledged before me this 14th day of February, 2017, by John T. Lynch Jr., who ___ is personally known to me or ✓ who has produced a _____ driver's license as identification and who did take an oath.

Sherwood Underdown
Notary Public
State of Arizona
Commission Number : 317856
Commission Expiration : 7-31-20

SHERWOOD UNDERDOWN
Notary Public - State of Arizona
MARICOPA COUNTY
My Commission Expires
July 31, 2020

CERTIFICATE OF SERVICE

I hereby certify that, on this 4th day of August, 2017, I caused to be served true copies of (i) the Division of Enforcement's Reply in Further Support of Its Motion for Summary Disposition; and (ii) the Declaration of David H. Tutor, dated August 4, 2017; by the following methods:

By facsimile and UPS overnight

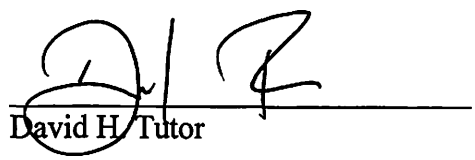
Brent J. Fields, Secretary
Office of the Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E., Mail Stop 3628
Washington, DC 20549
Fax: (703) 813-9793

By email and UPS overnight

The Honorable Cameron Elliot
Administrative Law Judge
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
Email: alj@sec.gov

James F. Moyle, Esq.
Lazare Potter Giacovas & Moyle LLP
875 Third Avenue, 28th Floor
New York, NY 10022
Email: jmoyle@lpgmlaw.com
(Counsel for Respondent John T. Lynch, Jr.)

Dated: August 4, 2017
New York, New York



David H. Tutor