

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of the Application of:**

**Cantone Research Inc., Anthony Cantone, and  
Christine Cantone,**

**For Review of Disciplinary Action Taken By**

**FINRA**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18999**

**RULE 452 MOTION TO ADD ADDITIONAL EVIDENCE**

Pursuant to Rule 452, Applicants Cantone Research Inc. (“CRI”), Anthony Cantone and Christine Cantone (together, “Applicants”) request that the Commission allow the submission of the additional evidence described herein. In support, Applicants state:

1. Rule 452 permits the Commission to allow the submission of additional evidence at any time prior to the issuance of a decision by the Commission, where the evidence is material to the Commission’s review and there are reasonable grounds for failing to adduce such evidence previously.

2. FINRA’s Department of Enforcement filed the underlying action against Applicants alleging, in relevant part, that certain certificates of participation (“COPs”) in promissory notes had defaulted, “resulting in approximately \$6 million in losses to investors.”<sup>1</sup> Applicants denied that allegation in their Answer and throughout the proceeding.

3. Following the hearing before FINRA’s Office of Hearing Officers (“Hearing Panel”), one of the projects, funded through one of the COPs at issue, was completed and sold.

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<sup>1</sup> ROA 000006.

The Hearing Panel allowed Applicants to reopen the record post-hearing and admit the evidence of investor repayment, which constituted 100% of the principal and interest owed on that offering.<sup>2</sup>

4. Both the Hearing Panel and the National Adjudicatory Counsel (“NAC”) found that FINRA had failed to establish any customer loss.<sup>3</sup>

5. The performance of the investments at issue in the case and the existence or absence of customer loss, however, remains relevant to the arguments presented in this appeal. Specifically, in Applicants’ Opening Brief in Support of their Application for Review,<sup>4</sup> as well as in their Reply<sup>5</sup>, Applicants argued that the NAC ignored evidence of mitigating factors that weighed against the imposition of sanctions including, most relevant here, the fact that the “conduct did not result in injury to public investors.”

6. Some of the offerings at issue were profitable by the time of the hearing before FINRA. Others continue to be repaid, to this day, as the underlying projects are completed and the underlying real estate sold. Exhibits A and B, hereto<sup>6</sup>, reflect two recent payments made to Chestnut Financial LLC (\$15,000) and Oklahoma Financial LLC (\$250,000). Exhibit C shows investor checks posting to the account.<sup>7</sup>

7. Additionally, Applicants contend in this appeal that the NAC improperly overruled the Hearing Panel’s finding that “the evidence establish[ed] that Cantone acted to prevent investors

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<sup>2</sup> ROA 0013599-13603.

<sup>3</sup> ROA 013676; 014229.

<sup>4</sup> Opening Brief in Support of Application for Review pp. 43-44.

<sup>5</sup> Applicants’ Reply Brief pp. 2, 16.

<sup>6</sup> Investor identities redacted.

<sup>7</sup> Because the Commission’s decision in this case is currently due Monday, September 14, 2020, Applicants are submitting the documents they have to date. If the decision is extended, Applicants request leave to amend the motion to include additional documents showing the payment of funds to Oklahoma investors, which is underway.

from loss” by protecting the viability of the projects, including Chestnut Financial and Oklahoma.<sup>8</sup> Therefore, these projects’ continued viability is material to the Commission’s review of the NAC’s findings and sanctions imposed.

8. Moreover, Exhibit B, showing the recent payment to Oklahoma, is relevant to the Commission’s review of the extension agreements at issue in this case. The submissions to date contain multiple references to the Applicants’ motivation in executing the extension agreements, and the materiality of the terms of the extension agreements. For example, FINRA contended, in its Opposition to the Application for Review<sup>9</sup> that Mr. Cantone executed that agreement in order to “[make] more money for himself.” Applicants contend in both their Opening and Reply briefs that, by keeping the deals afloat, Mr. Cantone allowed the projects to be completed and sold, as the original investment contemplated.<sup>10</sup> This evidence is likewise relevant to the Commission’s review of the extension agreements and the parties’ arguments thereon.

9. These payments, which occurred in 2020, were not available during the August 2016 hearing before FINRA.

In light of the relevance and importance of the attached exhibits, and because reasonable grounds exist for not having introduced them previously, Exhibits A – C hereto are properly submitted to the Commission pursuant to Rule 452. Applicants respectfully request that the Commission allow the submission of this evidence into the record on appeal.

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<sup>8</sup> ROA 013742; ROA 014226.

<sup>9</sup> FINRA Opposition pp.28-30, 43.

<sup>10</sup> Applicants’ Opening Brief pp. 8-9, 45-46; Reply Brief pp. 16-17.

Respectfully submitted this 11<sup>th</sup> day of September, 2020.

**ULMER & BERNE LLP**



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Heidi E. VonderHeide

Alan M. Wolper

[hvonderheide@ulmer.com](mailto:hvonderheide@ulmer.com)

[awolper@ulmer.com](mailto:awolper@ulmer.com)

500 West Madison Street, Suite 3600

Chicago, Illinois 60661

(312) 658-6500 – General

(312) 658-6565 – Fax

*Counsel for Applicants*

**CERTIFICATE OF SERVICE**

I hereby certify that this **APPLICANTS' RULE 452 MOTION TO ADD ADDITIONAL EVIDENCE** has been sent to the following parties entitled to notice as follows:

Securities and Exchange Commission  
Office of the Secretary  
100 F. Street N.E.  
Mail Stop 1090-Room 10915  
Washington D.C. 20549  
apfilings@sec.gov  
(via email only pursuant to Release No. 10767)

Colleen Durbin, Esq.  
Alan Lawhead, Esq.  
Office of the General Counsel  
FINRA  
1735 K Street, NW,  
Washington, DC, 20006-1506  
[Colleen.Durbin@finra.org](mailto:Colleen.Durbin@finra.org)  
(via email only by agreement)

This 11<sup>th</sup> day of September 2020



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Heidi E. VonderHeide

*Counsel for Applicants*

# **EXHIBIT A**



Account Summary for  
04-01-20 thru 04-30-20

Page 1 of 2

0005069-0012453 47997875stat04QRT49

CHESTNUT FINANCIAL LLC  
ANTHONY CANTONE MANAGING MEMBE  
36 CORBETT WAY  
EATONTOWN NJ 07724

Your Investment Executive

**REDACTED**

Account Number: **REDACTED**

IE Code: **REDACTED**

# Cantone Research, Inc.

CHESTNUT FINANCIAL LLC

REDACTED

REDACTED

(Unpriced Securities Excluded)	PRIOR STATEMENT	04-30-20
CASH & CASH EQUIVALENTS (In US \$)		15,000.00
ACCOUNT NET WORTH		15,000.00

**INCOME/PRINCIPAL SUMMARY**    CURRENT MONTH    YEAR TO DATE

**ACCOUNT PORTFOLIO**

QUANTITY	DESCRIPTION	SYMBOL/ CUSIP	CURRENT PRICE	CURRENT VALUE	ESTIMATED ANNUAL INCOME	CURRENT YIELD %	T Y P E
<b>MONEY BALANCE (In US \$): NET CREDIT</b>				<b>15,000</b>			

**ACCOUNT ACTIVITY**

DATE	ACTIVITY	QUANTITY	DESCRIPTION	PRICE	AMOUNT CHARGED	AMOUNT CREDITED	T Y P E
			<b>OPENING BALANCE</b>				
04-13-20	DEPOSIT		REDACTED			15,000.00	1
			<b>CLOSING BALANCE</b>			<b>15,000.00</b>	



# **EXHIBIT B**

# Activity

# CANTONE RESEARCH, INC.

OKLAHOMA FINANCIAL LLC  
REDACTED  
CHECKING ACCT

Account Number REDACTED  
Account Type Partnership Account  
Date September 10, 2020

Date	Transaction	Quantity	Symbol	Description	Price	Amount Charged	Amount Credited	Type
09/09/20	FEDWT			REDACTED			250,000.00	1

# **EXHIBIT C**



**CANTONE RESEARCH, Inc.**  
ESTABLISHED 1989, MEMBER FINRA, SIPC

36 Corbett Way • PO Box 950 • Eatontown, NJ 07724  
(732) 450-3500 • Fax: (732) 450-3520  
[www.cantone.com](http://www.cantone.com)

Account Summary for  
05-01-20 thru 05-31-20

Page 1 of 2

0004932-0012387 47997875stat0520KT49

CHESTNUT FINANCIAL LLC  
ANTHONY CANTONE MANAGING MEMBE  
36 CORBETT WAY  
EATONTOWN NJ 07724

**REDACTED**

Account Number: **REDACTED**

IE Code: **KT49**

# Cantone Research, Inc.

CHESTNUT FINANCIAL LLC

**REDACTED**

**REDACTED**

(Unpriced Securities Excluded)	PRIOR STATEMENT	05-31-20
CASH & CASH EQUIVALENTS (In US \$)	15,000.00	10,274.93
ACCOUNT NET WORTH	15,000.00	10,274.93

**INCOME/PRINCIPAL SUMMARY** CURRENT MONTH YEAR TO DATE

**ACCOUNT PORTFOLIO**

QUANTITY	DESCRIPTION	SYMBOL/ CUSIP	CURRENT PRICE	CURRENT VALUE	ESTIMATED ANNUAL INCOME	CURRENT YIELD %	T Y P E
<b>MONEY BALANCE (In US \$): NET CREDIT</b>				<b>10,274</b>			

**ACCOUNT ACTIVITY**

DATE	ACTIVITY	QUANTITY	DESCRIPTION	PRICE	AMOUNT CHARGED	AMOUNT CREDITED	T Y P E
<b>OPENING BALANCE</b>						<b>15,000.00</b>	
<b>CREDITPLUS TRANSACTION TOTAL</b>						<b>4,725.07</b>	
<b>CLOSING BALANCE</b>						<b>10,274.93</b>	

**CREDITPLUS ACTIVITY**

DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED	DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED		
05-22-20	0001001	<b>REDACTED</b>	42.88		05-13-20	0002022	<b>REDACTED</b>	256.41			
05-22-20	0001002		55.00		05-13-20	0002023		256.41			
05-21-20	0002001		128.21		05-29-20	0002027		205.13			
05-13-20	0002002		25.64		05-27-20	0002029		51.28			
05-13-20	0002003		51.28		05-29-20	0002030		51.28			
05-13-20	0002005		128.21		05-26-20	0002034		51.28			
05-13-20	0002006		230.77		05-26-20	0002036		51.28			
05-13-20	0002007		76.92		05-13-20	0002043		128.21			
05-14-20	0002008		333.33		05-13-20	0002045		128.21			
05-13-20	0002009		384.62		05-13-20	0002048		51.28			
05-13-20	0002010		128.21		05-26-20	0002054		51.28			
05-13-20	0002011		1,000.00		05-27-20	0002055		205.13			
05-13-20	0002013		51.28		05-29-20	0002056		102.56			
05-13-20	0002014		50.77		05-21-20	0002059		192.31			
05-13-20	0002015		50.77		05-28-20	0002063		76.92			
05-13-20	0002017		128.21								
<b>CREDITPLUS TRANSACTION TOTAL</b>								<b>4,725.07</b>			



**CANTONE RESEARCH, Inc.**  
ESTABLISHED 1989, MEMBER FINRA, SIPC

36 Corbett Way • PO Box 950 • Eatontown, NJ 07724  
(732) 450-3500 • Fax: (732) 450-3520  
[www.cantone.com](http://www.cantone.com)

Account Summary for  
06-01-20 thru 06-30-20

Page 1 of 2

0006189-0015283 47997875stat0620KT49

CHESTNUT FINANCIAL LLC  
ANTHONY CANTONE MANAGING MEMBE  
36 CORBETT WAY  
EATONTOWN NJ 07724

**REDACTED**

Account Number: **REDACTED**

IE Code: **KT49**

Upon your request, Cantone Research, Inc. will provide you with the venues of where your specific equity and/or option orders were routed for execution. Cantone Research, Inc. does not receive any payment for order flow.

# Cantone Research, Inc.

CHESTNUT FINANCIAL LLC  
 REDACTED

REDACTED

(Unpriced Securities Excluded)	PRIOR STATEMENT	06-30-20
CASH & CASH EQUIVALENTS (In US \$)	10,274.93	5,876.48
ACCOUNT NET WORTH	10,274.93	5,876.48

**INCOME/PRINCIPAL SUMMARY** CURRENT MONTH YEAR TO DATE

**ACCOUNT PORTFOLIO**

QUANTITY	DESCRIPTION	SYMBOL/ CUSIP	CURRENT PRICE	CURRENT VALUE	ESTIMATED ANNUAL INCOME	CURRENT YIELD %	T Y P E
<b>MONEY BALANCE (In US \$): NET CREDIT</b>				5,876			

**ACCOUNT ACTIVITY**

DATE	ACTIVITY	QUANTITY	DESCRIPTION	PRICE	AMOUNT CHARGED	AMOUNT CREDITED	T Y P E
<b>OPENING BALANCE</b>						10,274.93	
<b>CREDITPLUS TRANSACTION TOTAL</b>						4,398.45	
<b>CLOSING BALANCE</b>						5,876.48	

**CREDITPLUS ACTIVITY**

DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED	DATE POSTED	CHECK# / ACTIVITY	AMOUNT CHARGED	AMOUNT CREDITED	
06-18-20	0002000	<b>REDACTED</b>	51.28		06-10-20	0002039	128.21		
06-10-20	0002012		256.41		06-05-20	0002040	128.21		
06-10-20	0002016		52.31		06-05-20	0002041	256.41		
06-02-20	0002018		512.82		06-01-20	0002042	76.92		
06-11-20	0002019		256.41		06-12-20	0002044	256.41		
06-15-20	0002020		102.56		06-25-20	0002046	51.28		
06-15-20	0002021		205.13		06-04-20	0002049	51.28		
06-16-20	0002024		153.85		06-10-20	0002052	256.41		
06-01-20	0002025		205.13		06-10-20	0002053	128.21		
06-09-20	0002028		51.28		06-15-20	0002057	51.28		
06-02-20	0002031		128.21		06-16-20	0002058	51.28		
06-04-20	0002032		51.28		06-03-20	0002060	192.31		
06-08-20	0002033		51.28		06-08-20	0002061	64.10		
06-26-20	0002035		51.28		06-08-20	0002062	64.10		
06-26-20	0002037		102.56		06-23-20	0002064	51.28		
06-15-20	0002038		102.56		06-16-20	0002065	256.41		
<b>CREDITPLUS TRANSACTION TOTAL</b>							4,398.45		



Account Summary for  
07-01-20 thru 07-31-20

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0004952-0012392 47997875stat0720KT49

CHESTNUT FINANCIAL LLC  
ANTHONY CANTONE MANAGING MEMBE  
36 CORBETT WAY  
EATONTOWN NJ 07724

Your Investment Executive

**REDACTED**

Account Number: **REDACTED**

IE Code: **KT49**



# Cantone Research, Inc.

CHESTNUT FINANCIAL LLC

**REDACTED**

## ACCOUNT SUMMARY

(Unpriced Securities Excluded)	PRIOR STATEMENT	07-31-20
CASH & CASH EQUIVALENTS (In US \$)	5,876.48	5,030.33
ACCOUNT NET WORTH	5,876.48	5,030.33

## INCOME/PRINCIPAL SUMMARY

CURRENT MONTH	YEAR TO DATE

## ACCOUNT PORTFOLIO

QUANTITY	DESCRIPTION	SYMBOL/ CUSIP	CURRENT PRICE	CURRENT VALUE	ESTIMATED ANNUAL INCOME	CURRENT YIELD %	T Y P E
<b>MONEY BALANCE (In US \$): NET CREDIT</b>				5,030			

## ACCOUNT ACTIVITY

DATE	ACTIVITY	QUANTITY	DESCRIPTION	PRICE	AMOUNT CHARGED	AMOUNT CREDITED	T Y P E
	<b>OPENING BALANCE</b>					5,876.48	
	<b>CREDITPLUS TRANSACTION TOTAL</b>					846.15	
	<b>CLOSING BALANCE</b>						5,030.33

## CREDITPLUS ACTIVITY

DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED	DATE POSTED	CHECK# / ACTIVITY	AMOUNT CHARGED	AMOUNT CREDITED
07-30-20	0002004	<b>REDACTED</b>	256.41		07-16-20	0002050	256.41	
07-08-20	0002026	<b>REDACTED</b>	76.92		07-24-20	0002051	256.41	
	<b>CREDITPLUS TRANSACTION TOTAL</b>						846.15	



Account Summary for  
08-01-20 thru 08-31-20

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0004910-0012083 47997875stat0820KT49

CHESTNUT FINANCIAL LLC  
ANTHONY CANTONE MANAGING MEMBE  
36 CORBETT WAY  
EATONTOWN NJ 07724

**REDACTED**

Account Number: **REDACTED**

IE Code: **KT49**

# Cantone Research, Inc.

CHESTNUT FINANCIAL LLC  
**REDACTED**

**REDACTED**

(Unpriced Securities Excluded)	PRIOR STATEMENT	08-31-20
CASH & CASH EQUIVALENTS (In US \$)	5,030.33	4,902.12
ACCOUNT NET WORTH	5,030.33	4,902.12

**INCOME/PRINCIPAL SUMMARY** CURRENT MONTH YEAR TO DATE

**ACCOUNT PORTFOLIO**

QUANTITY	DESCRIPTION	SYMBOL/ CUSIP	CURRENT PRICE	CURRENT VALUE	ESTIMATED ANNUAL INCOME	CURRENT YIELD %	T Y P E
<b>MONEY BALANCE (In US \$): NET CREDIT</b>				<b>4,902</b>			

**ACCOUNT ACTIVITY**

DATE	ACTIVITY	QUANTITY	DESCRIPTION	PRICE	AMOUNT CHARGED	AMOUNT CREDITED	T Y P E
			<b>OPENING BALANCE</b>			<b>5,030.33</b>	
			<b>CREDITPLUS TRANSACTION TOTAL</b>		<b>128.21</b>		
			<b>CLOSING BALANCE</b>			<b>4,902.12</b>	

**CREDITPLUS ACTIVITY**

DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED	DATE POSTED	CHECK# / ACTIVITY	DESCRIPTION	AMOUNT CHARGED	AMOUNT CREDITED
08-14-20	0002047	<b>REDACTED</b>	128.21						
			<b>CREDITPLUS TRANSACTION TOTAL</b>					<b>128.21</b>	