

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 80221 / March 13, 2017**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4664 / March 13, 2017**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 32531 / March 13, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17878**

**In the Matter of**

**AARON R. PARTHEMER**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
AND NOTICE OF HEARING PURSUANT TO  
SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
SECTIONS 203(f) AND 203(k) OF THE  
INVESTMENT ADVISERS ACT OF 1940,  
AND SECTION 9(b) OF THE INVESTMENT  
COMPANY ACT OF 1940, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-DESIST  
ORDER AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Aaron R. Parthemer (“Parthemer” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Parthemer has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section VI, Parthemer consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and

21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order and Notice of Hearing (“Order”), as set forth below.

### **III.**

On the basis of this Order and Parthemer’s Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

Beginning in 2009 and continuing into 2012, Aaron Parthemer participated in selling more than \$5 million of unregistered, illiquid securities to certain of his professional athlete brokerage customers and investment advisory clients in an internet branding company known as Global Village Concerns, Inc. (“GVC”). Parthemer was issued GVC stock options and warrants provided by GVC. Parthemer’s conduct with respect to the sale of GVC securities occurred outside and independent of his employment with registered broker-dealers. Parthemer misrepresented and omitted material information about the GVC investments to his investment advisory clients, some of which was based on information provided to Parthemer by GVC. Parthemer presented this information to his advisory clients without conducting any due diligence to verify any of the information he provided to his advisory clients. Parthemer also used his personal communication devices and emails to communicate with his brokerage customers and others about firm business without causing copies of those communications to be sent to or preserved on the broker-dealers’ respective email servers or preserved in paper form.

#### **Respondent**

1. Parthemer is 44 years old and resides in Fort Lauderdale, Florida. From June 2009 to October 2011 and from October 2011 to the end of April 2015 Parthemer was a registered representative and investment adviser representative of Morgan Stanley Smith Barney (“MSSB”) and Wells Fargo Advisors, LLC (“WFA”), respectively. During this time, MSSB and WFA were dually registered with the Commission as broker-dealers and investment advisers. From 2005 until December 2012, Parthemer was a National Football League Players Association Registered Financial Advisor (“NFLPA Advisor”). On April 22, 2015, FINRA accepted Parthemer’s Letter of Acceptance, Waiver, and Consent whereby Parthemer was barred from association with any FINRA member in any capacity.

#### **Other Relevant Entities**

2. GVC was a Delaware corporation incorporated in 2009 with its principal place of business in San Diego, CA. GVC was a branding and marketing company created to help high schools and non-profit organizations earn money by selling customized school or organizational

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<sup>1</sup> The findings herein are made pursuant to Parthemer's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

memorabilia and products. GVC conducted Series A and Series B Preferred Stock Offerings (hereinafter “Series A ” or “Series B”) from 2009 to 2012 through which it collectively raised \$4,159,846, and convertible note offerings which raised at least \$2,545,000 during 2012. GVC is no longer operating.

### **Background**

3. From 2009 through 2013, Parthemer had approximately 40 active or retired professional athletes as brokerage customers and/or investment advisory clients, most of whom are members of the National Football League Players Association (“NFLPA”). During most of that time, Parthemer was a NFLPA Advisor and subject to the Regulations and Code of Conduct Governing Registered Player Financial Advisors (“NFLPA Code”) promulgated by the NFLPA.

4. Some Parthemer customers were brokerage customers, while others were fee-based investment advisory clients that paid advisory fees for which Parthemer recommended and managed their investments.

5. In May or June 2009, the GVC CEO, an existing brokerage customer of Parthemer, turned to Parthemer to help GVC raise capital and find investors. Parthemer solicited and recommended investments in GVC to his brokerage customers and advisory clients, presenting information provided to him by GVC’s CEO, and beginning in the summer of 2009 certain of Parthemer’s brokerage customers and advisory clients began investing in GVC. Parthemer’s brokerage customers and advisory clients served as the primary source of capital raised by GVC, representing approximately 75% of the approximate \$4.2 million in capital raised by the Series A and B offerings, and 100% of the \$2.5 million raised in capital by the GVC Convertible Note offerings. GVC issued stock options and warrants to benefit Parthemer in exchange for introducing his brokerage customers and advisory clients to GVC and assisting with raising capital for GVC. Parthemer had the stock options and warrants issued in the name of a company he owned and/or controlled.

6. Parthemer also facilitated his brokerage customers’ and advisory clients’ investments in GVC by handling the paperwork and money associated with closing the investments, including obtaining the necessary signatures from his brokerage customers and advisory clients and returning the paperwork to GVC, as well as transferring the capital for the investments from accounts at MSSB and WFA to GVC’s account. Parthemer also presented GVC offering materials to potential and current investors. Some of these materials included investment options that Parthemer presented to certain prospective investors in order to select the best option for the investor. GVC’s CEO communicated GVC’s financial needs to Parthemer so that he would know what GVC business objectives required further capital.

7. Parthemer never told MSSB or WFA of any of the GVC offerings, and neither MSSB nor WFA ever approved or sponsored these offerings.

8. Parthemer misrepresented and omitted material information with respect to GVC during his introductions and solicitations to his advisory clients, and when providing them GVC investment updates. For example, Parthemer suggested to one advisory client that he and his wife invest in GVC, telling him that his return on investment would be in the millions. Approximately

five months later, Parthemer quantified the expected return on investment at 20% in a written report to the client. After Parthemer transitioned to WFA, he listed the value of that client's \$200,000 GVC investment at \$500,000 in a written report that was prepared for the client. Thereafter, during periodic portfolio reviews, Parthemer told the client that the \$200,000 GVC investment was then worth \$2 million. Parthemer also valued another advisory client's \$250,000 investment in GVC at \$350,000 as of August 2012, which was a forty percent increase in value in just six months. Parthemer did not have a reasonable basis to quantify the expected return on a GVC investment or the valuation of a GVC investment when he made those representations to his advisory clients.

9. In addition to presenting information on potential returns on investment and current valuations without conducting any due diligence, Parthemer also never disclosed to his advisory clients that GVC had or would issue GVC stock options and warrants to a company he owned and/or controlled in exchange for introducing them to GVC. Parthemer did not exercise the stock options and warrants he received from GVC. These options and warrants have since expired.

10. Parthemer actively marketed his status as a registered NFLPA Advisor when recruiting new NFL player advisory clients and serving current ones. Parthemer's business cards, email signature block, and marketing materials all highlighted his NFLPA Financial Advisor registration. The marketing materials contained internet addresses/links to the NFLPA website and invited prospective and current advisory clients to verify his credentials. The NFLPA website contained, among other things, the NFLPA Code. The NFLPA Code provides that "[b]y joining the NFLPA Financial Advisor Registration Program, all financial advisors agree to abide by rules which are designed to both protect and inform players" and "[a] Registered Player Financial Advisor shall have the duty to act in the best interest of his/her Player-clients." The NFLPA Code places importance on the special relationship between an NFLPA Advisor and a player by recognizing the advisor as a fiduciary to the player.

11. Parthemer did not disclose his lack of adherence to the NFLPA Code of Conduct flowing from his conflict regarding GVC. The NFLPA Code lists a number of requirements and prohibitions, some of which are designed to prevent actual or potential conflicts of interest with the effective representation of a NFL player. For example, the NFLPA Code prohibits "[c]onvincing a Player to purchase stock or property, or to invest in any manner, or loan money or extend credit from, any enterprise or entity in which the Registered Player Financial Advisor fails to disclose, in advance and in writing, his/her own financial or ownership interest, or that of an affiliate or a family member, to the Player." Despite these prohibitions, Parthemer solicited his NFL player advisory clients to invest in GVC without disclosing that the company he owned and/or controlled had or would receive GVC stock options and warrants.

12. Parthemer also misrepresented his NFLPA Advisor registration status. Parthemer's NFLPA registration lapsed in December 2012. Notwithstanding that lapse, Parthemer continued to identify himself to current and prospective advisory clients as a NFLPA Financial Advisor.

13. Parthemer also routinely used his personal email account and text messaging systems to communicate with his brokerage customers and others. Some of those communications pertained to MSSB and WFA brokerage business, and Parthemer did not cause copies of those

communications to be sent to or preserved on the broker-dealers' respective email servers or preserved in paper form. The purpose of such emails was to provide, among other things, his customers with investment performance information; information about the customer's holdings, including identifying the investment, characterizing the risk of the investment, and providing maturity dates; documentation to facilitate outside investments that would be funded from their brokerage account; and to receive and send his customer's financial information that would be relevant when considering investments. Parthemer received copies of MSSB's and WFA's respective policies and procedures, as well as warnings and instructions not to use personal email for business, but nevertheless ignored the policies, procedures, and warnings.

### **Violations**

14. As a result of the conduct described above, Parthemer willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

15. As a result of the conduct described above, Parthemer willfully violated Section 15(a) of the Exchange Act, which prohibits any broker or dealer from using the mails or any means or instrumentality of interstate commerce to effect any transactions in, or induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered with the Commission.

16. As a result of the conduct described above, Parthemer willfully aided and abetted and caused MSSB's and WFA's respective violations of Section 17(a)(1) of the Exchange Act and Rule 17a-4(b)(4) thereunder, which requires broker-dealers to preserve for at least three years originals of all communications received, and copies of all communications sent by the member, broker or dealer, relating to the broker-dealer's business as such.

### **IV.**

Pursuant to this Order, Respondent agrees to additional proceedings in this proceeding to determine what, if any, civil penalties pursuant to Section 21B of the Exchange Act, Section 203(i) of the Advisers Act, and Section 9(d) of the Investment Company Act against Respondent are appropriate and in the public interest. 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 this Order; (b) he may not challenge the validity of this Order; (c) solely for the purposes of such additional proceedings, the allegations of this 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, investigative, hearing or trial testimony, and documentary evidence.

Respondent further agrees to withdraw any pending objection in his bankruptcy case (*In re Parthemer*, Ch. 11 Case No. 15-29830-BKC-RBR (Bankr. S.D. Fla.)) to any claim filed by the Commission and shall not thereafter object on any grounds to any claim filed by the Commission in his bankruptcy case. Respondent consents that the amount, if any, of any civil penalty and other

monetary relief imposed in the additional proceedings described and agreed to herein shall be the amount of the Commission's allowed claim in his bankruptcy case.

V.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Parthemer's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Parthemer cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act, and Sections 15(a) and 17(a)(1) of the Exchange Act and Rule 17-a-4(b)(4) promulgated thereunder.

B. Parthemer be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited 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; and

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.

C. Any reapplication for association by Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Parthemer, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. IT IS FURTHER ORDERED, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), in the interest of justice and without prejudice to any party to

the proceeding, that a public hearing for the purpose of taking evidence on the questions set forth in Section IV hereof shall be convened at a time and place to be fixed by and before an administrative law judge to be designed by future order.

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

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED, that pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

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

## VI.

IT IS FURTHER ORDERED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this 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 Parthemer 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).

By the Commission.

Brent J. Fields  
Secretary