

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82953 / March 27, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18410

In the Matter of

TIMARY DELORME,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

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 Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Timary Delorme (“Delorme” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent 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 her and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

Timary Delorme ("Delorme") is a registered representative who has been employed at Wedbush Securities Inc. ("Wedbush") for over 40 years. Delorme was involved in a manipulative trading scheme with Izak Zirk Engelbrecht a/k/a Zirk De Maison ("Engelbrecht"), who was charged by the Commission on September 18, 2014 with, among other things, violating the anti-fraud and registration provisions of the federal securities laws. Engelbrecht also pleaded guilty in the Northern District of Ohio to one count of conspiracy to commit securities fraud, two counts of securities fraud, and four counts of wire fraud. Engelbrecht engaged in manipulative trading (*e.g.*, "pump and dumps") using the stocks of several microcap issuers that he and his associates controlled. Registered representatives associated with Engelbrecht, including Delorme, bought these stocks in their customers' accounts, receiving undisclosed material benefits, in the case of Delorme, paid to her husband. In addition, several of these registered representatives, again including Delorme, engaged in matched trading with Engelbrecht and others in the stock of the Engelbrecht-controlled companies.²

By engaging in the conduct described below, Delorme willfully³ violated Sections 17(a)(1) and (3) of the Securities Act, and Sections 9(a)(2) and 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

RESPONDENT

Delorme f/k/a Timary Koller, age 59, resides in Costa Mesa, California. Delorme has been employed with Wedbush since 1976, a registered representative associated with Wedbush since 1981, and a registered investment adviser in California since 2010. Delorme settled two customer complaints in 2013 without admitting liability. She received a letter of caution and was required to

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

² Certain of the other registered representatives engaged in these activities have been previously charged by the Commission. They also have been charged criminally by the U.S. Attorney's Office for the Northern District of Ohio.

³ A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).

attend a Compliance Conference with FINRA in 2014 in connection with her failure to comply with FINRA Rule 2010 because she violated Wedbush's Written Supervisory Procedures ("WSPs") regarding Regulation S-P.

FACTS

1. Delorme was involved with Engelbrecht and his companies from July 2008 to early 2014. Delorme was introduced to Engelbrecht in early-to-mid 2008. Shortly after this introduction, Delorme and her husband became involved in Engelbrecht's microcap securities scheme. Engelbrecht engaged in manipulative trading using the stocks of several microcap issuers that he and his associates controlled. Delorme participated in Engelbrecht's scheme by (1) engaging in trades in order to manipulate the price and volume of stocks, and (2) receiving undisclosed material benefits, paid to her husband, for recommending to her customers that they purchase Engelbrecht-controlled microcap issuers.

2. Delorme solicited her brokerage customers to trade in microcap issuers controlled by Engelbrecht. In exchange for placing her customers in these securities, Delorme received material benefits, paid to her husband, from Engelbrecht that were not disclosed to her customers.

3. In addition, as part of her involvement in Engelbrecht's scheme, Delorme also engaged in manipulative trading activity in order to impact the price and volume of the Engelbrecht-controlled microcap issuers. Delorme's manipulative trading primarily involved two practices:

- a. Delorme kept the price of certain penny stocks artificially high by making purchases in order to keep the market price at a specific level; and
- b. Delorme also engaged in matched trading with Engelbrecht and other registered representatives involved in the scheme in order to give the false appearance of trading volume in the shares of Engelbrecht-controlled microcap issuers.

4. In addition to participating in the manipulative trading, Delorme and her husband sold shares on behalf of Engelbrecht and wired him the proceeds, minus her commission. By this process, Engelbrecht sought to disguise his sale of shares given his insider status at the companies. In January 2011, for example, Delorme sent two emails to Engelbrecht indicating she sold shares on his behalf and was wiring the proceeds to Engelbrecht.

5. In early 2013, Delorme and Wedbush reached legal settlements with certain of her customers pursuant to which the customers received compensation. Delorme and her husband voluntarily paid reimbursing compensation to other customers who invested in Engelbrecht-controlled issuers.

6. Delorme's involvement in the scheme continued until at least January 2014.

VIOLATIONS

7. Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder prohibit, in connection with the purchase or sale of securities, employing any device, scheme or artifice to defraud or engaging in any act, practice, or course of business that operates as a fraud or deceit upon any person. As a result of the conduct described above, Delorme willfully violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

8. Section 17(a)(1) of the Securities Act prohibits the use of a device, scheme or artifice to defraud in the offer or sale of securities. Section 17(a)(3) makes it unlawful, in the offer or sale of securities, to engage in any transaction, practice or course of business that operates as a fraud or deceit upon the purchaser. As a result of the conduct described above, Delorme willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act.

9. Section 9(a)(2) of the Exchange Act prohibits entering orders for the purchase or sale of securities or effect a series of transactions in any security creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others. As a result of the conduct described above, Delorme willfully violated Section 9(a)(2) of the Exchange Act.

DELORME'S INABILITY TO PAY

10. Delorme has submitted a sworn Statement of Financial Condition, dated December 18, 2017 and other evidence and has asserted an inability to pay a civil penalty, which were considered in setting the amount of the civil penalties.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Sections 9(a)(2) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent 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.

C. Respondent be, and hereby is, 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.

D. Any reapplication for association by the 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 the Respondent, 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.

E. Respondent shall pay civil penalties of \$50,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act 21F(g)(3). In imposing this penalty, the Commission considered the Respondent's financial condition described above. Payment shall be made in the following installments:

- \$25,000 within thirty (30) days of the entry of this Order;
- \$6,250 on the last day of each subsequent quarter, with payments ending no later than one year and thirty days from the entry of this Order.

F. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. 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, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying 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 S. Mehraban, Division of Enforcement, Securities and Exchange Commission, New York Regional Office 200 Vesey Street, Suite 400, New York, New York 10281.

G. 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, they shall not argue that they are entitled to, nor shall they 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 she 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.

H. 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 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).

By the Commission.

Brent J. Fields
Secretary