

**ADMINISTRATIVE PROCEEDING**

**BEFORE THE**

**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:** )

**David Craig Dameron (CRD #1723224)** )  
**and Liberty Advisors, LLC** )  
**(IARD #145196), d/b/a EPS Advisors,** )

**NOTICE OF INTENT TO REVOKE  
BROKER-DEALER AGENT  
REGISTRATION, AND  
DENY INVESTMENT ADVISER  
APPLICATION**

**Respondents.** )

**File Number 12014**

The Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division"), under the authority of the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2012), upon due consideration of the subject matter herein and having reason to believe that David Craig Dameron ("Dameron") should not be permitted to represent a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities and also that Liberty Advisors, LLC, d/b/a EPS Advisors ("EPS") should not be permitted to engage in the business of advising others as to the value of securities or the advisability of investing in, purchasing or selling securities, does hereby notify Respondents that the Division intends to seek the issuance of an order, pursuant to S.C. Code Ann. § 35-1-412, revoking Respondent Dameron's registration as a broker-dealer agent, and denying EPS's application for registration as an investment adviser. The Division hereby includes in this Notice of Intent to Revoke Broker-Dealer Agent Registration and Deny Investment Adviser Application ("Notice of Intent") a statement of the reasons for the order that

is sought, a statement of the civil penalty sought, and notice that a hearing will be scheduled if either Respondent requests a hearing.

### **INTRODUCTION**

1. This matter involves Respondents' (i) willful failure to provide requested documents, and (ii) willful failure to respond to subpoenas issued by the Division.
2. Such actions by Respondents violate the Act and, pursuant to S.C. Code Ann. § 35-1-412, form the basis for revocation of Respondent Dameron's broker-dealer agent registration, denial of EPS' application for investment adviser registration with the State of South Carolina, imposition of a civil penalty, and other sanctions as appropriate.

### **JURISDICTION**

3. The Securities Commissioner of the State of South Carolina ("Commissioner") has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

### **RESPONDENTS**

4. Prior filings with the Division by Dameron, on behalf of Dameron and EPS, list 299 East Greenville Street, Anderson, South Carolina 29621 as the business address for both Dameron and EPS.
5. Dameron's filings with the Division indicate a home address for Dameron of 8 North Orchard Farms Avenue, Simpsonville, South Carolina 29681.
6. Respondent Dameron, at all times material herein, was registered with the Division as a broker-dealer agent of 1792 Securities, LLC ("1792 Securities").
7. Respondents Dameron and EPS were registered and notice filed with the Division as an investment adviser representative and an investment adviser, respectively, on and during the period August 20, 2009, to December 31, 2011.

8. Neither Dameron nor EPS has been registered or notice filed with the Division as an investment adviser representative or an investment adviser since December 31, 2011.
9. On or around March 6, 2012, Division staff sent a letter, via email with the original to follow by mail, to Dameron, individually and as agent for EPS, indicating Dameron's registration as an investment adviser representative and EPS' notice filing as an investment adviser were both terminated as of December 31, 2011.
10. On or around March 7, 2012, Dameron, on behalf of EPS, submitted to the Division an application for registration as an investment adviser.

#### **FACTUAL STATEMENT**

11. On or around March 16, 2012, Division staff contacted Dameron regarding additional information needed to register EPS as an investment adviser.
12. In Division staff's letter on March 16, 2012, Respondents were informed EPS' application for registration as an investment adviser would not be reviewed until the requested information had been provided and the application was considered complete.
13. Respondents failed to respond to the Division staff's March 16, 2012, request for information.
14. On or about April 26, 2012, Division staff emailed Dameron at his email address associated with EPS informing Dameron and EPS that the Division had not received a response to its March 16, 2012, request for information. The email also requested the previously requested information be sent by May 5, 2012.
15. Dameron, on behalf of himself and EPS, failed to respond to the Division staff's April 26, 2012, email requesting information.

16. On or about May 4, 2012, Division staff issued a subpoena to Dameron and EPS, which sought information related to Dameron and EPS' securities business in this State. The subpoena was sent certified mail to Dameron and EPS at their listed business address of 299 East Greenville Street, Anderson, South Carolina 29621, and was delivered and signed for on May 5, 2012.
17. Respondents did not acknowledge or reply to the Division's May 4, 2012, subpoena.
18. On or about May 24, 2012, Division staff issued another subpoena seeking information similar to that sought in the March 16, 2012, request for information to both Respondents. Response to the May 24, 2012, subpoena was due by June 18, 2012.
19. The May 24, 2012, subpoena was sent via certified mail both to Dameron's residential address on file with the Division and to the address of 1792 Securities.
20. The filing listing 1792 Securities' main address in Greenville listed "David Dameron, COO" as the contact employee for the firm.
21. On or about May 25, 2012, the May 24, 2012, subpoena sent to Dameron's residential address was delivered and signed for.
22. Dameron did not respond to the May 24, 2012, subpoena, either on his own behalf or on behalf of Respondent EPS.
23. On or about June 19, 2012, Division staff attempted to contact Dameron by telephone, when the phone was not answered, a voice message requesting that he call back was left.
24. On or about June 25, 2012, Respondent Dameron contacted Division staff by telephone.
25. During the ensuing conversation, Dameron (i) said that "the firm" (EPS) was closing, (ii) acknowledged that he needed to provide documents to Division staff but had not done so; (iii) represented that all of his investment adviser clients, except his parents, had been

transferred to a broker-dealer; and (iv) indicated that he would be submitting an ADV-W to withdraw EPS' investment adviser application.

26. Also during the June 25, 2012, telephone conversation, Respondent Dameron was asked for and agreed to forward copies of all "ACAT" forms used to transfer his and EPS' investment advisory clients' accounts.
27. On or about Wednesday, June 27, 2012, Respondent Dameron again contacted the Division by telephone. In the ensuing conversation, Dameron represented he had "pulled" all of the "ACAT" forms and represented he would send them to Division staff "tomorrow [Thursday, June 28, 2012] or Friday [June 29, 2012]."
28. On or about June 29, 2012, Respondent Dameron did not send the ACAT forms but instead filed a Form ADV-W in an attempt to withdraw EPS' pending application for registration as an investment adviser.
29. On or about November 15, 2012, a third subpoena seeking testimony and records from Dameron relating to his and EPS' securities and investment advisory activities, was sent to Dameron.
30. As requested by subpoena, Dameron met with Division staff and gave testimony on December 6, 2012. At this meeting, Dameron presented Division staff with a thumb drive he represented contained electronic records responsive to the requests contained in the November 15, 2012, subpoena.
31. Upon review of Dameron's electronic records delivered on December 6, 2012, Division staff contacted Dameron by letter dated December 18, 2012, and informed Dameron his response did not match his testimony and, based on his testimony, was incomplete.

32. On multiple occasions, Dameron, on behalf of himself and EPS, has failed to respond to requests for information sent to him by Division staff conducting an audit or inspection of Dameron and EPS.
33. On multiple occasions, Dameron, on behalf of himself and EPS, provided incomplete and/or inaccurate information to Division staff in connection with a Division audit or inspection.
34. Respondents' failure to respond to one or more of the Division's requests for information, violates Respondents' duties to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.
35. Based on Respondents' willful failure to provide requested documents, Respondents' willful failure to respond to one or more subpoenas issued by the Division and Respondents' failure to provide complete and accurate information in response to one or more of the Division's requests, it is in the public interest to issue an order revoking Respondent Dameron's broker-dealer agent registration, denying Respondent EPS' application for registration as an investment adviser, and imposing upon each civil penalties for their violations of the Act.

**APPLICABLE LAW**

36. Pursuant to S.C. Code Ann. § 35-1-412(a), if the Securities Commissioner finds that the order is in the public interest and subsection (d) authorizes the action, an order under the Act may deny an application for registration as an investment adviser.
37. Pursuant to S.C. Code Ann. § 35-1-412(b), if the Securities Commissioner finds that the order is in the public interest and subsection (d) authorizes the action, an order under the Act may revoke, suspend, condition, or limit the registration of a registrant.

38. Pursuant to S.C. Code Ann. § 35-1-412(c), if the Securities Commissioner finds that the order is in the public interest and subsection (d)(1) through (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under the Act may censure, impose a bar, and/or impose a civil penalty in an amount not to exceed \$10,000 for each violation on a registrant.

39. Pursuant to S.C. Code Ann. § 35-1-412(d), a person may be disciplined under subsections (a) through (c) if the person: ...

(2) willfully violated or willfully failed to comply with [the Act] or a rule adopted or order issued under [the Act]... [or]

(8) refuses to allow or otherwise impedes the Securities Commissioner from conducting an audit or inspection under Section 35-1-411(d)....

40. Pursuant to S.C. Code Regs. 13-501 and S.C. Code Regs. 13-502, failure to observe high standards of commercial honor and just and equitable principles of trade in the conduct of an investment adviser or broker-dealer agent's business may constitute grounds for denial, suspension, or revocation of the investment adviser or broker-dealer agent's registration, imposition of administrative fines, or such other action authorized by statute.

#### **REQUESTED RELIEF**

The Division requests that the Commissioner set forth findings of fact and conclusions of law and grant the following relief against Respondents:

a. Pursuant to S.C. Code Ann. § 35-1-412(a) deny Respondent EPS' application for registration as an investment adviser;

b. Pursuant to S.C. Code Ann. § 35-1-412(b), revoke Respondent Dameron's broker-dealer agent registration;

c. Pursuant to S.C. Code Ann. § 35-1-412(c), order each Respondent to pay a civil penalty in an amount not exceeding ten thousand and no/100 (\$10,000.00) dollars for each of the six

violations of the Act committed by that Respondent and each violation of any rule or order promulgated by the Commissioner; and

d. Order any other relief that the Commissioner deems appropriate.

**NOTICE AND OPPORTUNITY FOR A HEARING**

NOTICE is hereby given that each Respondent has thirty (30) days from the date of this Notice of Intent to file an answer and, if desired, a request for a hearing on the matters contained herein. Such answer and, if desired, request for a hearing should be filed with Thresechia Navarro, Securities Division, Post Office Box 11549, Columbia, South Carolina, 29211-1549. In the written Answer, the Respondent, shall admit or deny each factual allegation in this Order, set forth specific facts, laws, and/or affirmative defenses which that Respondent relies upon and, if desired, make a request for a hearing in this matter. If any Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

In the event an answer and written notice requesting a hearing is not received within the above-stated thirty (30) day period of time, an order revoking Respondent Dameron's broker-dealer agent registration, denying Respondent EPS' application for registration as an investment adviser, and imposing a civil penalty in the amount of up to sixty thousand dollars (\$60,000) per Respondent may be entered in this proceeding with no further notice.

By seeking to issue an order revoking Respondent Dameron's broker-dealer agent registration, denying Respondent EPS' application for registration as an investment adviser, and imposing a civil penalty upon both Respondents, the Division is not waiving any rights it may have to pursue additional remedies available to it for violations of the Act committed by the Respondents not enumerated above.

Executed and entered, this the 14<sup>th</sup> day of February, 2013.



SOUTH CAROLINA OFFICE OF THE  
ATTORNEY GENERAL

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