



State of Tennessee
Department of State
Administrative Procedures Division
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October 9, 2023

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Tennessee Department of Commerce and Insurance
General Civil - Legal Division
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RE: TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE V. PETER R. WITTMAN, APD Case No. 12.06-233389J

Enclosed is a/an *AGREED ORDER OF DISMISSAL* rendered in this case.

Administrative Procedures Division
Tennessee Department of State

Enclosure(s)



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE SECURITIES DIVISION,)

Petitioner,)

v.)

PETER RAYMOND WITTMAN,)

Respondent.)

APD Case No.: 12.06-233389J

MATTER No. 20-07607

ORDER OF DISMISSAL

The Securities Division of the Tennessee Department of Commerce and Insurance and Peter Raymond Wittman ("Respondent"), hereby stipulate and agree to the entry and execution of this Agreed Order, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner") as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Agreed Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry and execution of this Agreed Order by the Commissioner.

2. This Agreed Order is executed by the parties for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. The Respondent fully understands that this Agreed Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Agreed Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. The Respondent fully understands that this Agreed Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for alleged violations of the law addressed specifically in this Agreed Order, violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of the facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the entry and execution of this Agreed Order by the Respondent.

5. The Respondent expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Agreed Order, the stipulations and imposition of discipline contained herein, and the consideration and entry and execution of said Agreed Order by the Commissioner.

AUTHORITY AND JURISDICTION

6. Pursuant to Tenn. Code Ann. § 48-1-115(a), the responsibility for the administration of the Act is vested in the Commissioner. The Securities Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115(b).

7. Tenn. Code Ann. § 48-1-116 sets forth that the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of the Act upon a finding that such order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

PARTIES

8. The Commissioner administers the Act through the Securities Division and authorizes the Securities Division to bring this action for the protection of the public.

9. The Respondent is a Tennessee resident and was at all times relevant, registered with the Securities Division ("Division") of the Tennessee Department of Commerce and Insurance ("Department") as an investment adviser representative.

10. The Respondent holds Central Registration Depository ("CRD") number 4995877, assigned by the Financial Industry Regulatory Authority ("FINRA").

FINDINGS OF FACT

11. On January 24, 2018, the Securities Division received a complaint filed by two (2) Tennesseans stating that in August 2017, they invested two hundred twenty-five thousand dollars (\$225,000.00) with the Woodbridge Group of Companies LLC ("Woodbridge"). Woodbridge filed for bankruptcy in December 2017, and the Securities and Exchange Commission ("SEC") brought suit against Robert H. Shapiro ("Shapiro") and Woodbridge, alleging that Mr. Shapiro and Woodbridge were operating a one-billion-dollar (\$1,000,000,000.00) Ponzi scheme.

12. The alleged investments were marketed as first position mortgage investments, where the investors would be "lenders" and their investments secured by property purchased with investor funds. The investors were led to believe this was a mortgage-backed investment that was exempt from securities rules and regulations.

13. The Woodbridge investments were in fact securities as defined under T.C.A. § 48-1-102(20)(A) subject to registration by the Division.

14. FSIU's investigation revealed that the Respondent sold five (5) unregistered securities, totaling approximately two hundred seventy thousand dollars (\$270,000). Two (2) of

the individuals to whom the securities were sold were related to the Respondent. The remaining three (3) individuals were friends of the Respondent. The Respondent also bought the Woodbridge product himself.

15. Each of the consumers purchasing the Woodbridge securities from the Respondent conducted their own due diligence.

16. The Division did not receive a consumer complaint regarding the Respondent and the sales of the Woodbridge securities. The Division was notified of the Respondent's sales of the securities by the Woodbridge bankruptcy trustee. The Respondent received eleven thousand, four hundred dollars (\$11,400.00) in commissions for those sales.

17. The Respondent was not registered to sell the Woodbridge securities in Tennessee and was not exempt from registration.

18. The Woodbridge securities sold by the Respondent were not exempt from registration, however the Respondent believed they were exempt, and therefore he believed the Woodbridge product did not need to be registered.

CONCLUSIONS OF LAW

19. At all times relevant hereto, Tenn. Code Ann. § 48-1-104 has provided that:
- (a) It is unlawful for any person to sell any security in this state unless:
 - (1) It is registered under this part;
 - (2) The security or transaction is exempted under § 48-2-103; or
 - (3) The security is a covered security.
 - (b) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty

thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

20. At all times relevant hereto, Tenn. Code Ann. § 48-1-109 has provided that:

(a) It is unlawful for any person to transact business from, in, or into this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part . . . [.]

(e) The commissioner may, after notice and an opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any rule or order adopted or issued under this section, in an amount not to exceed ten thousand dollars (\$10,000) per violation, or in an amount not to exceed twenty thousand dollars (\$20,000) per violation if an individual who is a designated adult is a victim.

21. In selling five (5) unregistered securities, the Respondent violated Tenn. Code Ann. § 48-1-104(b).

22. In selling five (5) unregistered securities without first holding a registration as an agent, the Respondent violated Tenn. Code Ann. § 48-1-109(a)

23. The Respondent admits to the Findings of Fact and Conclusions of Law stated herein, and consents to entry of this Order.

ORDER

NOW THEREFORE. on the basis of the foregoing and the waiver by the Respondent of his right to a hearing and appeal under Tennessee securities law and Tennessee's Uniform Administrative Procedures Act. Tenn. Code Ann. §§ 4-5-101 *et seq.*, and the Respondent's admission of the jurisdiction of the Commissioner. the Commissioner finds that the Respondent, for the purpose of settling this matter, admits to the above Findings of Fact and Conclusions of

Law, agrees to the entry of this Order and agrees that this Order is in the public interest, consistent with the purposes fairly intended by the law.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 48-1-116, that:

1. The Respondent hereby agrees as a limitation of his registration with the Division not to recommend any product that is not a registered security, a notice filed security, or an SEC covered security for a period of two years and six months from the date of execution of this Order.
2. The Respondent shall pay **RESTITUTION** to the consumers in an amount of eleven thousand four hundred dollar (\$11,400).
3. The Respondent shall **PAY** to the State of Tennessee an amount of ten thousand dollars (\$10,000), pursuant to Tenn. Code Ann. §§ 48-1-104(b) and -109(e).
4. The Respondent shall complete an additional twelve (12) hours of continuing education to be taken between the execution of this Order to October 1, 2024, and provide such proof no later than October 11, 2024, by emailing such completion certificate to Lovemore.N.Gororo@tn.gov. Such additional twelve (12) hours are above and beyond Respondent's requirement to complete continuing education during the same period indicated above.
5. The payment to the Division shall be made by check, or money order payable to the **Tennessee Department of Commerce and Insurance**. Page one (1) of this Agreed Order must accompany the payment for reference. The payment shall be mailed to the attention of:

State of Tennessee
Department of Commerce and Insurance
Attn: Lovemore N. Gororo
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

6. The Respondent shall pay the **RESTITUTION** in the amount of eleven thousand four hundred dollars (\$11,400), within sixty (60) days of entry and execution of this Order by the Commissioner and provide proof of such payment within 10 working days thereafter by emailing such to Lovemore.N.Gororo@tn.gov.

7. The Respondent shall thereafter make five (5) payments in an amount of \$1,666.66 and one (1) final payment in an amount of \$1,666.70. The first of such payment shall be made within ninety (90) days of the execution of this Order by the Commissioner.

8. **GRACE PERIOD** - Payment shall be timely made if postmarked within five (5) business days of the date payment is due. **ACCELERATION** - Respondent hereby agrees that failure to remit any payment more than sixty (60) calendar days following the due date of said payment as indicated in the above scheduled payments shall constitute default. Upon default, the entire outstanding civil penalty shall be due and payable immediately. The Respondent's failure to comply with the terms of this Agreed Order, including the manner and method of payment of the civil penalty described above, shall result in further administrative disciplinary action, including the automatic suspension of the Respondent's securities registration under CRD number 4995877.

9. **IT IS FURTHER ORDERED** that this Agreed Order represents the complete and final resolution of and discharge of all administrative and civil claims, demands, actions, and causes of action by the Commissioner against the Respondent for violations of the Act with respect to the transactions involved in the above-referenced facts. However, excluded from and not

covered by this paragraph, are any claims by the Securities Division arising from or relating to the enforcement of the Agreed Order provisions contained herein.

10. This Agreed Order is in the public interest and the best interests of the Parties. It represents a settlement of the controversy between the Parties and is for settlement purposes only. By the signatures affixed below, or in two (2) or more counterparts, the Respondent affirmatively states the following: the Respondent freely agreed to the entry and execution of this Agreed Order; the Respondent waives the right to a hearing on, or a review of, the matters, the Findings of Fact, and the Conclusions of Law underlying this Agreed Order or the enforcement of this Agreed Order; and the Respondent encountered no threats or promises of any kind by the Commissioner, the Securities Division, or any agent or representative thereof.

11. By signing this Agreed Order, the Commissioner, the Securities Division, and the Respondent affirmatively state their agreement to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement as set forth in this Agreed Order, are binding upon them.

12. This Agreed Order may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. The facsimile, email, or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies shall be deemed to constitute duplicate originals.

ENTERED AND EXECUTED _____, 2023.


Carter Lawrence (Oct 2, 2023 14:58 CDT)
Carter Lawrence, Commissioner
Department of Commerce and Insurance

This Agreed Order is entered and effective this 9th day of October 2023. This matter is **DISMISSED WITH PREJUDICE** as there are no issues remaining to be resolved.

It is so **ORDERED**.



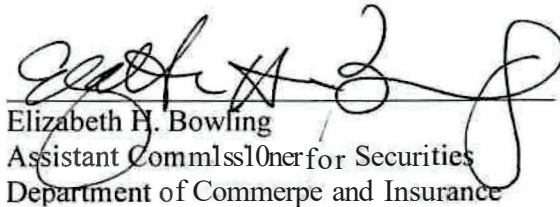
Kim Summers
Administrative Judge
Administrative Procedures Division
Office of the Secretary of State

** The provisions of this Order are not based on an evidentiary hearing before the ALJ but have been voluntarily entered into solely by agreement of the Parties.

APPROVED FOR ENTRY AND EXECUTION:



Peter R. Wittman
Respondent



Elizabeth H. Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance



Phillip Jones, BPR # 14125
Counsel for the Respondent



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