

1 Jan Lynn Owen, the California Corporations Commissioner ("Commissioner") of the
2 Department of Corporations ("Department") alleges and charges as follows:

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4 **I. JURISDICTION AND VENUE**

5 1. The Commissioner is authorized to administer and enforce the provisions of the
6 Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) and the regulations promulgated
7 thereunder (Cal. Code Regs., tit. 10, § 260.000 et seq.), pursuant to Corporations Code section
8 25600. Regulations will hereinafter be cited in the following style: "10 CCR § 260.000". All
9 statutory citations are to the California Corporations Code.

10 2. ARAM G. DER TOROSSIAN (also known as GEORGE DER TOROSSIAN and further
11 referred to herein as "DER TOROSSIAN") holds CRD#1165053 and was last registered as a broker-
12 dealer agent with Mutual Securities, Inc., 14471 Big Basin Way, Suite E, Saratoga, CA 95070. He
13 was declared terminated from that employment effective August 15, 2011, and is not currently
14 registered with any licensed broker-dealer or investment adviser.

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16 **II. STATEMENT OF FACTS**

17 3. DER TOROSSIAN was the petitioner in a marital dissolution proceeding in San Mateo
18 County Superior Court, in which a Judgment on Reserved Issues was filed on February 11, 2003
19 (hereinafter "Judgment.") That Judgment confirmed a number of shares in Silicon Valley Group to
20 be the separate property of the two minor children of the marriage, insofar as they were found to be
21 gifts from DER TOROSSIAN's parents. The Judgment further appointed DER TOROSSIAN as the
22 custodian of these shares for each minor, and provided that they could not be traded, sold, or
23 exchanged without the written consent of the Respondent (mother of the minor children.) The
24 Judgment decreed that the shares should be applied in the future toward each minor's college
25 educational expenses.

26 4. In an order (titled "Findings and Order after Hearing") filed December 22, 2010 in the
27 same San Mateo Superior Court family law action, after hearing and testimony, the court found that
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1 DER TOROSSIAN breached his fiduciary duty as custodian of the children’s assets by selling the
2 children’s stock without the mother’s consent in violation of the Judgment, and that the children
3 suffered a loss of financial value of their respective assets. The court further found that accountings
4 previously provided by DER TOROSSIAN to his ex-spouse were “completely inadequate” and failed
5 to comply with a previous court order from a September 3, 2010 hearing. The court further ordered
6 DER TOROSSIAN to pay a total of \$258,114.08 to the mother as the new custodian of the children’s
7 assets.

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9 **III. Statutory Bases for Barring DER TOROSSIAN from the Industry**

10 5. Corporations Code section 25213 provides as follows:
11 The commissioner may, after appropriate notice and
12 opportunity for hearing, by order censure, or suspend for a period
13 not exceeding 12 months, or deny or bar from any position of
14 employment, management or control of any broker-dealer or investment
15 adviser, any officer, director, partner, agent, employee of, or
16 person performing similar functions for, a broker-dealer, or any
17 other person, if the commissioner finds that the censure, suspension,
18 denial, or bar is in the public interest and that the person has
19 committed any act or omission enumerated in subdivision (a), (e),
20 (f), or (g) of Section 25212 or has been convicted of, or pled nolo
21 contendere to, any offense or been held liable in any civil action
22 specified in subdivision (b) of Section 25212, or is enjoined from
23 any act, conduct or practice specified in subdivision (c) of Section
24 25212 or is subject to any order specified in subdivision (d) of
25 Section 25212.

26 6. This Accusation will proceed under subsections (b) and (e) of Corporations Code section
27 25212. Those provide in pertinent parts as follows:
28 The commissioner may, after appropriate notice and
opportunity for hearing, by order censure, deny a certificate to,
suspend for a period not exceeding 12 months or revoke the
certificate of, any broker-dealer if the commissioner finds that the
censure, denial, suspension, or revocation is in the public interest
and that the broker-dealer, whether prior or subsequent to becoming a
broker-dealer, or any partner, officer, director, or branch manager
of the broker-dealer, whether prior or subsequent to becoming
associated with the broker-dealer, or any person directly or

1 indirectly controlling the broker-dealer, whether prior or subsequent
2 to becoming such, or any agent employed by the broker-dealer while
so employed has done any of the following:

3(b) Has been either (1) convicted of or has pled nolo contendere
4 to a felony or misdemeanor, or (2) held liable in a civil action by
5 final judgment of a court based upon conduct showing moral turpitude,
6 and the commissioner finds that the felony, misdemeanor, or civil
7 action (A) involved the purchase or sale of any security, (B) arose
8 out of the conduct of the business of a broker-dealer or investment
adviser, (C) involved theft, or (D) involved the violation of Section
1341, 1342, or 1343 of Title 18 of the United States Code.....

9(e) Has willfully violated any provision of the Securities Act of
10 1933, the Securities Exchange Act of 1934, the Investment Advisers
11 Act of 1940, the Investment Company Act of 1940, the Commodity
12 Exchange Act, or Title 4 (commencing with Section 25000), including
13 the Franchise Investment Law, Division 5 (commencing with Section
14 31000), or the California Commodity Law of 1990, Division 4.5
15 (commencing with Section 29500), or of any rule or regulation under
16 any of those statutes, or any order of the commissioner which is or
17 has been necessary for the protection of any investor.

18 **IV. Specific Statutory Violations by Respondent**

19 **Respondent Has Been Held Liable in a Civil Action**

20 7. In this case, DER TOROSSIAN has been held liable in a civil action based upon conduct
21 showing moral turpitude, to wit, breach of his fiduciary duty to his minor children. The conduct
22 involved the sale of securities in his daughters' custodial accounts, and also arose out of the conduct
23 of his business as a representative of a broker-dealer (UBS). Since he liquidated his children's
24 accounts without permission and failed to pay them back, this also constitutes theft. Therefore, his
25 actions satisfy three separate descriptions under subsection (b) of section 25212, any one of which
26 qualifies for disciplinary action under the statute, and subjects him to a bar from the industry under
27 section 25213.

28 **Willful Violations of Securities Laws by Respondent**

1 8. In addition to having been found liable in a civil action as set forth above, DER
2 TOROSSIAN has also willfully violated provisions of Title 4 of the Corporations Code, which
3 includes the Corporate Securities Law of 1968 regulating broker-dealers and their agents, and rules
4 and regulations under those statutes. As such, he is subject to disciplinary action under subsection (e)
5 of section 25212 and is subject to a bar from the industry pursuant to section 25213. DER
6 TOROSSIAN's statutory violations are detailed below.

7 9. Corporations Code section 25216 provides in pertinent part as follows:
8 (a) No broker-dealer or agent shall effect any transaction
9 in, or induce or attempt to induce the purchase or sale of, any
10 security in this state by means of any manipulative, deceptive or
11 other fraudulent scheme, device, or contrivance. The commissioner
12 shall, for the purposes of this subdivision, by rule define such
13 schemes, devices or contrivances as are manipulative, deceptive, or
14 otherwise fraudulent....

15 10. Title 10 CCR § 260.216 (a rule promulgated by the Commissioner under section 25216)
16 provides as follows:
17 The phrase "manipulative, deceptive, or other fraudulent scheme, device, or
18 contrivance," as used in subdivision (a) of Section 25216 of the Code is hereby
19 defined to include:

- 20 (a) Any act, practice, or course of business which operates or would operate as a fraud
21 or deceit upon any person; and
22 (b) Any untrue statement of a material fact and any omission to state a material fact
23 necessary in order to make the statements made, in the light of the circumstances
24 under which they are made, not misleading, if the person making the statement or
25 omission knows or has reasonable grounds to believe that it is untrue or misleading.

26 11. DER TOROSSIAN willfully violated section 25216 by effecting transactions in securities
27 in this state in a fraudulent or deceitful manner, to wit, by liquidating his own daughters' college fund
28 accounts without the consent of the mother and in direct violation of a court order. Such willful
violation of laws regulating brokers and agents subjects him to discipline under section 25212(e) and
to a bar from the industry under section 25213.

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12. Corporations Code section 25218 provides as follows:
No broker-dealer licensed under this chapter shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state in contravention of such rules as the commissioner may prescribe designed to promote just and equitable principles of trade, to provide safeguards against unreasonable profits or unreasonable rates of commissions or other charges, and in general to protect investors and the public interest, and to remove impediments to and perfect the mechanism of a free and open market.

13. Title 10 CCR § 260.218 (a rule promulgated by the Commissioner under section 25218) provides as follows:
Each broker-dealer and each agent employed by such a broker-dealer shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of such person's business.

14. By liquidating his own daughters' college fund accounts without consent and in direct violation of a court order, DER TOROSSIAN has failed to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his business, in violation of another law contained in Title 4. This is another basis for discipline under section 25212(e), and another of the enumerated bases for a bar under section 25213.

PRAYER FOR RELIEF

WHEREFORE, based on the foregoing, the California Corporations Commissioner finds that it is in the public interest to bar ARAM G. DER TOROSSIAN (also known as GREGORY DER TOROSSIAN) from any position of employment, management or control of any broker-dealer or investment adviser, pursuant to Corporations Code section 25213 for acts committed as specified in Corporations Code section 25212, subsections (a) and (e), as described above.

WHEREFORE, the Commissioner prays for an order barring ARAM G. DER TOROSSIAN (also known as GREGORY DER TOROSSIAN) from any position of employment, management or control of any broker-dealer or investment adviser.

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Dated: January 23, 2012
San Francisco, California

JAN LYNN OWEN
California Corporations Commissioner

By: _____
DOUGLAS M. GOODING
Senior Corporations Counsel
Enforcement Division