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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
12 OF THE STATE OF CALIFORNIA

13 In the Matter of THE COMMISSIONER OF)
14 BUSINESS OVERSIGHT,)

BD/IA File No. 913-2935

15 Complainant,)

16 v.)

17 EQUINOX SECURITIES, INC., STEPHEN)
18 MICHAEL OLIVEIRA,)

**ORDER REVOKING THE BROKER-
DEALER AND INVESTMENT ADVISER
CERTIFICATES OF EQUINOX
SECURITIES, INC. PURSUANT TO
CORPORATIONS CODE SECTIONS 25212,
SUBDIVISION (d) AND (e), AND 25232.1,
SUBDIVISIONS (d) AND (e)**

19 Respondents.)
20)
21)

22 TO: Stephen Michael Oliveira
23 Equinox Securities, Inc.
24 1776 Park Avenue, Suite 101
Redlands, CA 92374

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26 1. On September 23, 2016, the Commissioner of Business Oversight (“Commissioner”)
27 brought an action to revoke the broker-dealer and investment adviser certificates previously issued to
28

1 Respondent Equinox Securities, Inc. (“Equinox”) pursuant to Corporations Code sections 25212,
2 subdivisions (d) and (e), and 25232, subdivisions (d) and (e).

3 2. On September 28, 2016, the Commissioner served Equinox by return receipt mail at
4 the business address on file with the Commissioner, with copies of the following documents: (1)
5 Notice of Intent to Revoke the Broker-Dealer and Investment Adviser Certificates of Equinox
6 Securities, Inc.; (2) Accusation; (3) Statement to Respondent; (4) Blank Notice of Defense; and (5)
7 Government Code sections 11507.5, 11507.6 and 11507.7.

8 3. Equinox has not requested a hearing on this matter within 30 days after the service of
9 the documents referenced in paragraph 2. above, as required by Corporations Code sections 25215
10 and 25233.

11 4. Equinox is a broker-dealer and investment adviser firm registered with the Department
12 since April 23, 2008 and June 17, 2009, respectively. Equinox was also a member of the Financial
13 Industry Regulatory Authority (“FINRA”)¹ since April 22, 2008. The firm is a wholly owned
14 subsidiary of Equinox Capital Holdings, Inc., a holding company owned by Respondent Stephen
15 Michael Oliveira (“Oliveira”) and his wife. Equinox’s principal office is located at 1776 Park Ave.,
16 Suite 101, Redlands, California 92374.

17 5. Oliveira, at all relevant times, served as the president, chief compliance officer, and
18 registered broker-dealer representative of Equinox.

19 6. On July 28, 2015, FINRA filed a complaint against Equinox and representative Chris
20 Palkowitsh (“Palkowitsh”) for engaging in a manipulative, deceptive and fraudulent scheme by
21 churning customer accounts. The complaint alleged that from November 2008 through June 2012,
22 Equinox and Palkowitsh excessively traded and churned six customers’ accounts (a total of eight
23 accounts). Palkowitsh typically charged a \$75.00 commission for each transaction, and he repeatedly
24 executed transactions that had minimal principal amounts of between \$100.00 and \$300.00. The
25 result was hundreds, sometimes thousands of transactions in each account, huge aggregate amounts

26 _____
27 ¹ FINRA is a non-governmental organization, authorized by Congress to regulate member brokerage firms and exchange
28 markets. FINRA is the successor to the National Association of Securities Dealers, Inc. and the member regulation,
enforcement and arbitration operations of the New York Stock Exchange.

1 of commissions, annualized cost to equity ratios that exceeded 100 percent, and collective losses that
2 exceeded \$800,000.00. After the customers sustained substantial losses, Palkowitsh placed their
3 remaining equity at risk by concentrating each account in a low-priced security. The complaint also
4 alleged that Oliveira reviewed each transaction and was aware of the misconduct but rejected any
5 responsibility to intercede and stop the harm. As a result of its conduct, Equinox violated numerous
6 NASD and FINRA Rules, and willfully violated section 10(b) of the Securities and Exchange Act of
7 1934 and Rule 10b-5.

8 7. On April 27, 2016, Equinox signed an Offer of Settlement with FINRA, effective May
9 11, 2016. Equinox was expelled from FINRA membership for the excessive trading of, and
10 quantitatively unsuitable recommendations by Palkowitsh under the doctrine of respondeat superior,
11 in violation of NASD Rules 2310, 3010 and 2110 (for transactions occurring before December 15,
12 2008), FINRA Rule 2010 (for transactions occurring on or after December 15, 2008); and for
13 willfully violating Section 10(b) of the Exchange Act, Exchange Act Rule 10b-5, NASD Rules 2120
14 and 2110 (for transactions occurring before December 15, 2008), and FINRA Rules 2020 and 2010
15 (for transactions occurring on or after December 15, 2008) by engaging in a manipulative, deceptive
16 and fraudulent scheme by churning the customer accounts.

17 8. On April 27, 2016, Oliveira signed an Offer of Settlement with FINRA, effective May
18 11, 2016. Oliveira was barred from association with any FINRA member in a principal capacity for
19 violating NASD Rules 3010 and 2110 (for conduct occurring before December 15, 2008) and FINRA
20 Rule 2010 (for conduct occurring on or after December 15, 2008) by failing to adequately supervise
21 Palkowitsh, and by failing to establish, maintain and enforce a supervisory system and written
22 supervisory procedures that were reasonably designed to achieve compliance with applicable
23 securities laws and regulations. In addition, Oliveira was suspended from association with any
24 FINRA member in any capacity for one year and fined \$25,000.00.

25 9. On May 30, 2016, the Commissioner's staff telephoned Oliveira at the number listed
26 on the Form ADV² to schedule an appointment to conduct a routine regulatory examination of

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28 ² Form ADV is the uniform form used by investment advisers to register with both the Securities and Exchange
Commission and state securities regulators.

1 Equinox, but the outgoing voicemail was for another firm, it was not for Equinox or Oliveira.
2 Subsequently, an email was sent to Oliveira on May 31, 2016, but the email was returned as
3 undeliverable. Finally, a letter dated May 31, 2016 was sent to Oliveira and Equinox at the Redlands
4 location to coordinate a date for the regulatory examination. To date there has been no
5 communication from Equinox or Oliveira.

6 Based upon the foregoing, the Commissioner finds it is in the public interest to revoke the
7 Commissioner finds that it is in the public interest to revoke the broker-dealer and investment adviser
8 certificates of Equinox Securities, Inc.

9 GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that the broker-dealer and
10 investment adviser certificates of Equinox Securities, Inc. are revoked under Corporations Code
11 sections 25212, subdivisions (d) and (e), and 25232, subdivisions (d) and (e). This order and
12 revocation is effective immediately.

13 Dated: November 10, 2016

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15 JAN LYNN OWEN
16 Commissioner of Business Oversight

17 By: _____
18 MARY ANN SMITH
19 Deputy Commissioner
20 Enforcement Division
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