

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
INFINITY FINANCIAL SERVICES)	ADMINISTRATIVE ORDER
)	NO. CO-2012-0025
GREGORY B. GILBERT)	
)	
<u>RESPONDENT</u>)	

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the Authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. INFINITY FINANCIAL SERVICES ("IFS"), Central Registration Depository (CRD) #144302 is a California domiciled broker dealer with a business address of 1624 Franklin Street, Suite 818, Oakland, CA 94612. Commission records reflect that IFS has never been registered as a broker dealer in the State of Alabama.

2. GREGORY B. GILBERT, ("GILBERT"), CRD# 3119457, is the President and Chief Compliance Officer of IFS, with a business address of 1624 Franklin Street, Suite 818, Oakland, CA 94612. Commission records reflect that GILBERT has never been registered as a broker dealer agent with IFS in the State of Alabama.

STATEMENT OF FACTS

3. On November 17, 2011, IFS submitted a broker dealer application

electronically via the CRD system.

4. On November 22, 2011, the Commission staff issued a deficiency letter to IFS requesting them to provide statements concerning custody of customer funds, discretionary authority, prior securities activity, and disciplinary history. On November 22, 2011, the Commission staff issued a Visitation letter via certified mail to IFS' clearing firm, Mesirow Financial, Inc., with receipt taken on December 5, 2011.

5. On December 5, 2011, the Commission staff received a response from IFS to its deficiency letter. GILBERT, Chief Compliance Officer of IFS stated that IFS does not maintain custody of customer's funds or discretionary authority over Alabama accounts. He included a statement of undertaking regarding prior activity in the state by the firm stating "no prior activity." On December 5, 2011, the Commission staff received a response to its visitation letter from Mesirow Financial. Mesirow's records found that IFS had effected two securities transactions for one Alabama client on November 28, 2011, and November 30, 2011.

6. On December 5, 2011, the Commission staff issued a continued deficiency letter to IFS advising them to cease conducting securities business in Alabama and requesting the firm to provide documents for accounts of Alabama clients.

7. On December 12, 2011, the Commission staff received a letter from IFS advising that "the account was opened October 5, 2010 by a California resident. The client moved to the State of Alabama from California in the fall of 2011 and submitted an address change." IFS advised that "no broker sales activity occurred in the account prior to registration with the State of Alabama, November 17, 2011." Correspondence included the client's account agreement and correspondent account address change form dated September 19, 2011. IFS was not registered at the time of the securities transaction as the file was in a pending status with the Commission.

8. On January 3, 2012, a Commission analyst contacted GILBERT, via telephone, to request trade confirmations for IFS securities transactions with the

Alabama resident.

9. On January 3, 2012, the Commission staff received confirmations from GILBERT, via facsimile, for two IFS security transactions for the Alabama resident. The trade confirmations reflected securities transactions dated November 28, 2011 and November 30, 2011.

10. On February 14, 2012, the Commission staff contacted Michael Levickas at Mesirow requesting additional information concerning the securities transactions effected by IFS for the Alabama client. On February 14, 2012, the Commission staff received an email from Mesirow reflecting the additional information. Commission records reflect that IFS conducted securities transactions through broker dealer agent Bill Lindgren on behalf of the Alabama client on November 28 and 30, 2011, resulting in \$1,618.20 commissions and sales charges.

11. On February 23, 2012 the Commission staff issued a letter to IFS advising the firm to offer a rescission to the Alabama client for effecting securities transactions without benefit of registration.

12. On March 20, 2012 the Commission staff received, via email, a response from IFS. IFS included a copy of the rescission offer documents reflecting that the client rejected the offer.

CONCLUSIONS OF LAW

13. Pursuant to Code of Alabama, 1975, Section 8-6-2, a Dealer is any person engaged in the business of effecting transactions in securities for the account of others. INFINITY FINANCIAL SERVICES is in the business of effecting securities transactions for the accounts of others and is a Dealer under the statutory definition thereof.

14. Pursuant to Code of Alabama, 1975, Section 8-6-2, an Agent is any individual other than a dealer who represents a dealer or issuer in effecting or

attempting to effect sales of securities. Code of Alabama 1975, Section 8-6-3(a), prohibits any dealer from employing any agent unless the agent is registered. INFINITY FINANCIAL SERVICES employed Bill Lindgren as an agent without benefit of registration for the offer and sale of securities in Alabama in violation of Code of Alabama, 1975, Section 8-6-3(a).

15. Pursuant to Code of Alabama, 1975, Section 8-6-3(a) it is unlawful for any person to transact securities business in the State of Alabama as a dealer or agent for securities unless properly registered under the Act. INFINITY FINANCIAL SERVICES through Bill Lindgren affected a total of two securities transactions on November 28 and 30, 2011, for one Alabama resident generating commissions and service charges of \$1,618.20, without benefit of broker dealer registration or broker dealer agent registration in the State of Alabama in violation of Code of Alabama 1975, section 8-6-3(a).

16. **WHEREAS**, RESPONDENTS admit that securities transactions were effected in the State of Alabama prior to registration and that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that RESPONDENTS understand the Commission relied upon such information and assertions in its determination to accept this Agreement, and that should such information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act.

17. **WHEREAS**, RESPONDENTS have voluntarily waived all rights to a hearing upon entry of this Agreement, and have consented to the entry of this Agreement, and

18. **WHEREAS**, the Commission finds this Agreement necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act, and

19. **WHEREAS**, the Commission and RESPONDENTS are desirous of settling this matter as hereafter set forth and agree to the entry of this Agreement.

20. **WHEREAS**, RESPONDENTS have tendered offers of rescission to the Alabama resident and furnished copies of the accepted and rejected offers to the Commission.

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That RESPONDENTS shall until such time as properly registered in the state of Alabama, refrain from effecting securities transactions into, within or from the state of Alabama.

2. That RESPONDENTS shall ensure that proper policies and procedures are enacted to preclude any future non-compliance with the Act.

3. That INFINITY FINANCIAL SERVICES shall provide training to all employees to ensure that all trades are made by registered persons in compliance with state laws.

ACCEPTANCE AND CONSENT TO REMEDIAL SANCTIONS

1. INFINITY FINANCIAL SERVICES accepts and consents solely for the purpose of resolving this proceeding, prior to a hearing and without an adjudication of any issue of law or fact, to the imposition of the following sanctions:

a. That in accordance with Code of Alabama 1975, Section 8-6-19(j)(1), RESPONDENTS shall pay to the **state of Alabama** an administrative assessment in the total sum of \$1,618.20 through disgorgement of commissions, said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

b. That in accordance with Code of Alabama 1975, Section 8-6-19(k)(1),

RESPONDENTS shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost for investigating this matter, the sum of \$500.00 said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.


2. If payment is not made by RESPONDENTS or if RESPONDENTS defaults in any of its obligations set forth in this Agreement, the Alabama Securities Commission may vacate this Agreement, at its sole discretion, upon 10 days notice to IFS and without opportunity for administrative hearing, or may take appropriate action to enforce the terms hereof.

3. INFINITY FINANCIAL SERVICES shall cease and desist any further violation of Code of Alabama 1975, Section 8-6-3(a).

4. This Agreement is specially limited to the relevant time period noted in the statement of fact section and does not address any other time period where similar activity may have been conducted.

AGREED AND CONSENTED to on dates indicated:


INFINITY FINANCIAL SERVICES




GREGORY B. GILBERT
President

7/12/2012
DATE

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**



JOSEPH P. BORG
Director


Edwin Reed
Dep. Dir

8/13/12
DATE

