

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: *

KEITH YARBOROUGH d/b/a * Securities Docket No. 2019-0039
THE CALVARY GROUP, LLC *

Respondent *

* * * * *

FINAL ORDER

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2014 Repl. Vol. and 2018 Supp.) (the “Act” or “Securities Act”), undertook an investigation into the activities of Keith Yarborough (“Yarborough”), d/b/a The Calvary Group, LLC (“Calvary”) (collectively “Respondent”); and

WHEREAS, on the basis of that investigation on April 9, 2019 the Maryland Securities Commissioner (the “Commissioner”) issued an Order to Show Cause (“Order”) requiring Respondent to show cause why he should not be barred permanently from engaging in the securities and investment advisory business in Maryland and why a statutory penalty of up to \$5,000 per violation should not be entered against him; and

WHEREAS, on April 9, 2019, the Order was served on the Commissioner pursuant to section 11-802(b) of the Act and sent by certified mail to Respondent; and

WHEREAS, Respondent failed to timely file an Answer to the Order or to make a written request for a hearing, as required by COMAR .02.02.06.06A; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this

Final Order against Respondent;

NOW, THEREFORE, pursuant to sections 11-301, 11-302, 11-401, and 11-701.1(a) of the Act, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Act.

II. RESPONDENT

2. Yarborough resides in Baltimore City, Maryland. He has never been registered as a broker-dealer, broker-dealer agent, investment adviser or investment adviser representative in the State of Maryland. On February 19, 2013, Calvary filed as a limited liability company with the Maryland Department of Taxation and Assessment. On October 1, 2015, Calvary's status as a limited liability company with the Maryland Department of Taxation and Assessment was forfeited for failure to file its 2014 property return. Calvary is a d/b/a for Yarborough. Calvary has never been registered as a broker-dealer or investment adviser in the State of Maryland.

III. STATEMENT OF FACTS

3. On January 10, 2017, Respondent and a Maryland client entered into an agreement for a Maryland client to purchase a "bond."

4. On January 13, 2017, Respondent entered into an advisory agreement with the Maryland client whereby the client appointed Respondent "as an advisor, to suggest and recommend certain strategic alternatives relating to the financial future of the Client." In addition to a \$2,500 retainer, Respondent was supposed to be compensated by "3% of the gross trade profits."

5. On January 13, 2017, the Maryland client gave Respondent a check for \$1,000

and on January 18, 2017, she gave Respondent another check for \$23,500. Both checks included the bond transaction number, “SMJT1CUPS/1M.” Respondent cashed the client’s checks at her bank.

6. On information and belief, Respondent used the proceeds of the checks for personal expenses and never invested any of the funds in a bond for the Maryland client.

7. On information and belief, Respondent failed to disclose to the Maryland client numerous criminal convictions, judgments, and a bankruptcy.

8. Yarborough has refused to respond to the Maryland client and has failed to produce documents subpoenaed by the Division.

9. No risk disclosure was given to the Maryland client related to her supposed bond investment.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

WHEREAS, Respondent violated section 11-301(1) of the Act by employing a device, scheme or artifice to defraud in the offer and sale of securities by failing to disclose the risks of the bond; and

WHEREAS, Respondent violated section 11-301(2) of the Act by failing to state material facts, including but not limited to the fact that the bond was risky; and

WHEREAS, Respondent violated section 11-301(3) of the Act by engaging in the offer and sale of a bond without disclosing the risks involved Respondent engaged in activities that operated as a fraud or deceit on an investor; and

WHEREAS, Respondent violated section 11-302 (a)(1)-(2) and (c) of the Act by failing to disclose the risks of the bond investment while providing investment advice; and

WHEREAS, Respondent violated section 11-401(b) of the Act by acting as an unregistered investment adviser when he recommended a Maryland client buy a bond and by entering into an advisory contract for compensation.

V. SANCTIONS

NOW, THEREFORE, IT IS HEREBY ORDERED that:

a. Respondent shall cease and desist from violating sections 11-301, 11-302, and 11-401 of the Act.

b. Respondent is permanently barred from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as a principal or consultant in any entity so engaged.

c. Respondent is assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$35,000 for the violations set forth in this Order. Payment shall be by certified check payable to the Office of the Attorney General. Said penalty shall be paid within ninety (90) days of the date of this Order. However, this penalty shall be reduced dollar for dollar by the amount of restitution made, within forty-five (45) days of the date of this Order, by Respondent to the investor. Payment of restitution shall be by certified check payable to the Office of the Attorney General and then distributed by the Office of the Attorney General in a manner within its discretion.

VI. JURISDICTION RETAINED

10. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

VII. APPEAL RIGHTS

11. Respondent may appeal this Final Order to the Baltimore City Circuit Court

within 30 days from the date this Order is mailed by the Securities Division.

SO ORDERED:

Commissioner's Signature on File
w/Original Document

May 2, 2019

Melanie Senter Lubin
Maryland Securities Commissioner

