

ADMINISTRATIVE PROCEEDING  
BEFORE THE  
MARYLAND SECURITIES COMMISSIONER

IN THE MATTER OF:

\*

Johnathan Munoz (CRD # 7036972)  
dba JM Financial Services  
(also known as JM Financial Corp)

\*

Docket # 2024-0023

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Respondent

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**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, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2014 Repl. Vol. and Supp. 2023) (the "Securities Act"), undertook an investigation into the securities activities of Johnathan Munoz dba JM Financial Services aka JM Financial Corp (“Munoz” or “Respondent”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) has determined that Respondent may have engaged in, and may continue to engage in, acts or practices constituting violations of the registration and antifraud provisions of the Securities Act; and

WHEREAS, on May 10, 2024 and May 30, 2024, the Commissioner issued a Summary Order to Cease and Desist and Order to Show Cause and an Amended Summary Order to Cease and Desist and Order to Show Cause, respectively, (the “Orders”), which are incorporated by reference, ordering Respondent to immediately cease and desist from engaging in violations of sections 11-301(1), (2) and (3), 11-302(a)(1), (a)(2), (a)(3) and (c), 11-306, and 11-401(a) and (b)

of the Securities Act in this State, and further ordering Respondent to show cause why he should not be barred permanently from engaging in the securities and investment advisory business in Maryland and to show cause why a statutory penalty of up to \$5,000 per violation should not be entered against him; and

WHEREAS, the Order provided that the failure by Respondent to file an answer, including a request for a hearing, within fifteen (15) days of service of the Order would result in the entry of a Final Order barring Respondent from engaging in the securities or investment advisory business in Maryland and imposing on Respondent a monetary penalty of up to \$5,000 per violation of the Securities Act; and

WHEREAS, the Order was served on Respondent by certified mail, return receipt requested, but Respondent failed to file an answer or a request for a hearing within fifteen (15) days of service of the Order; and

WHEREAS, the Commissioner has determined that it is in the public interest and appropriate for the protection of investors to issue this Final Order;

NOW, THEREFORE, pursuant to sections 11-301(1), (2) and (3), 11-302(a)(1), (a)(2), (a)(3) and (c), 11-306, 11-401(a) and (b), 11-701.1 and 11-801 of the Securities Act, the Commissioner finds and orders:

## **I. JURISDICTION**

1. The Commissioner has jurisdiction in this proceeding pursuant to sections 11-701.1 and 11-801 of the Securities Act.

## **II. RESPONDENT**

2. At all times relevant to this matter, Johnathan Munoz dba JM Financial Services aka JM Financial Corp has maintained a place of residence and a place of business in Montgomery

County, Maryland. From February 2023 to the present, Munoz has been affiliated with Park Avenue Securities LLC in a non-registered capacity. From November 2019 to November 2020, Munoz was affiliated with Mutual of Omaha Investor Services, Inc. (“Mutual of Omaha”) in a non-registered capacity. Munoz was discharged by Mutual of Omaha’s parent company “for improper business practices involving submission of an unauthorized insurance application.” Prior to that, Munoz was affiliated with NY Life Securities LLC in a non-registered capacity from October 2018 to November 2019. During the same time, Munoz also held affiliations with Bankers Life and Casualty Company (“Bankers Life”) and Colonial Penn Life Insurance (“Colonial Penn”).

Munoz was licensed as an insurance producer with the Maryland Insurance Administration from January 2019 to November 2023, when his license expired. Munoz operated his insurance brokerage business under the DBA name of JM Financial Services or JM Financial Corp (“JM Financial”).<sup>1</sup> Munoz also has held out JM Financial as an investment business through which he manages finances for others. Neither Munoz nor JM Financial has ever been registered in the State of Maryland as a broker-dealer, agent, investment adviser or investment adviser representative.

In 2015, Munoz was the subject of a criminal prosecution charging him with petit larceny and disorderly conduct. Munoz pled guilty to the lesser charge of disorderly conduct and was sentenced to one year in jail, serving 15 of those days in jail.

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<sup>1</sup> JM Financial is not now nor has it ever been formed as a corporation or limited liability company with the State of Maryland.

### III. FINDINGS OF FACT

3. Husband and wife MW and VW first met Munoz in or about 2018. At the time, MW and VW, both in their 70s, were customers of Colonial Penn, with which Munoz was affiliated.

4. Shortly thereafter, Munoz told MW and VW that something happened at Colonial Penn, and he was leaving to work for Mutual of Omaha.

5. MW and VW followed Munoz to Mutual of Omaha by transferring their investments to Mutual of Omaha.

6. In November 2020, Munoz was terminated by Mutual of Omaha.

7. MW and VW were never told that Munoz had been terminated by Mutual of Omaha. Instead, Munoz told them that he was starting his own firm, JM Financial, and asked if he could manage their finances through his firm.

8. Munoz told MW and VW that he would open accounts in their name at TD Ameritrade where he would purchase stocks for their accounts and manage their investment assets.

9. Munoz made a number of representations to MW and VW that were false including that he was licensed as a stockbroker.

10. Munoz misrepresented to MW and VW that he would grow their assets to \$325,000, and they would be able to cash out of their accounts by June 2021.

11. Munoz also promised MW and VW that they wouldn't have to worry about money in their old age.

12. Believing that Munoz was properly licensed as a stockbroker and that he would in fact manage their assets, MW and VW decided to entrust their funds to Munoz.

13. Between November 2020 and May 2021, MW and VW transferred in excess of \$100,000 to Munoz. The transfers were made in the form of checks written personally to Munoz or wire transfers made directly to Munoz's bank account. At least one of the checks referenced Munoz's company, JM Financial.

14. Munoz never opened accounts at TD Ameritrade in the names of MW and VW.

15. Instead, Munoz cashed MW's and VW's checks and/or deposited their funds into bank or brokerage accounts held in his name and used those funds for his personal benefit.

16. Around the time that Munoz promised MW and VW their accounts could be cashed out, Munoz told them that their account was up \$365,000. Munoz asked MW and VW for the routing number for their bank account so that he could transfer the funds to them.

17. However, Munoz never followed through with the transfer. Instead, Munoz changed his number and ceased all communications with MW and VW.

18. To date, Munoz has not returned MW's and VW's funds to them.

### **Holding Out and Acting as an Investment Adviser**

19. As discussed above, Munoz approached MW and VW about managing their investment assets through an account that he would set up at TD Ameritrade. Munoz told them that their assets would be managed by him through his company, JM Financial.

20. Munoz also held out and continues to hold himself out as an investment adviser to the public.

21. Munoz's LinkedIn page, <https://www.linkedin.com/in/johnathan-munoz-1107/>, discloses that he is a Management Associate at Financial Growth Partners.

22. According to this LinkedIn page, Munoz provides financial planning, financial consulting, and financial advisory services among other services.

23. Munoz is not now, nor has he ever been, registered as a broker-dealer, agent, investment adviser, or investment adviser representative.

24. JM Financial is not now, nor has it ever been, registered as a broker-dealer, agent, investment adviser, or investment adviser representative.

#### **IV. CONCLUSIONS OF LAW**

The Commissioner concludes that:

25. Respondent, in connection with the offer, sale or purchase of securities, employed a device, scheme, or artifice to defraud, made untrue statements of material fact or omitted to state material facts, and engaged in a course of business that operated or would operate as a fraud or deceit on a person, in violation of sections 11-301(1), (2) and (3) of the Securities Act by, among other things: (1) falsely representing to MW and VW that he was a stockbroker or financial adviser and offering to manage their investment assets through JM Financial, the DBA name under which he conducted business, (2) falsely representing to MW and VW that he would open accounts for them at TD Ameritrade where he would purchase stocks for their accounts and manage their investment assets, (3) failing to tell MW and VW that neither he nor JM Financial were registered under Maryland law to act as a stockbroker or financial adviser, and (4) falsely representing to MW and VW that he would manage and grow their assets to \$325,000 when, in fact, he used their investments funds for his personal benefit.

26. In connection with acting as an investment adviser or representative and soliciting or dealing with advisory clients, Respondent employed a device, scheme, or artifice to defraud the other person; engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit on the other person; engaged in dishonest and unethical practices; and willfully made untrue statements of a material fact, or omitted to state material facts necessary in order to

make the statements made, in light of the circumstances under which they are made, not misleading, in violation of sections 11-302(a)(1), (a)(2), (a)(3) and (c) of the Securities Act by, among other things: (1) falsely representing to MW and VW that he was an investment adviser or investment adviser representative by holding himself and JM Financial out as a financial adviser and offering to manage MW's and VW's investment assets, (2) failing to tell MW and VW that neither he nor JM Financial were registered as an investment adviser or investment adviser representative in Maryland, (3) falsely representing to MW and VW that he would open accounts for them at TD Ameritrade where he would purchase stocks for their accounts and manage their investment assets, (4) falsely representing to MW and VW that he would manage and grow their assets to \$325,000 when, in fact, he used their investments funds for his personal benefit.

27. Respondent engaged in dishonest or unethical practices in violation of section 11-306 of the Securities Act by, among other things, representing that he was a stockbroker without disclosing that he was not registered as an agent in Maryland, misrepresenting that he would open TD Ameritrade accounts for MW and VW where he and JM Financial would purchase stocks for their accounts and manage their investment assets, misrepresenting that he would grow MW's and VW's assets to \$325,000, and using MW's and VW's funds for his personal benefit.

28. Respondent transacted business as an unregistered broker-dealer or agent in this State, in violation of section 11-401(a) of the Securities Act.

29. Respondent acted as an unregistered investment adviser or investment adviser representative in this State, in violation of section 11-401(b) of the Securities Act.

## **V. SANCTIONS**

30. NOW, THEREFORE, IT IS HEREBY ORDERED that:

a. Respondent shall permanently cease and desist from violating sections 11-301(1), (2) and (3), 11-302(a)(1), (a)(2), (a)(3) and (c), 11-306, and 11-401(a) and (b) of the Securities 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 principal or consultant in any entity so engaged.

c. Respondent is assessed a civil monetary penalty pursuant to section 11-702 of the Securities Act in the amount of \$115,000 for the violations set forth in this Final Order. Payment of the civil monetary penalty shall be by certified check payable to the Office of the Attorney General.

#### **VI. JURISDICTION RETAINED**

31. 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 Final Order.

#### **VII. APPEAL RIGHTS**

32. Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Securities Division.

SO ORDERED:

**Commissioner's Signature on File  
w/Original Documents**

July 15, 2024

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MELANIE SENTER LUBIN  
SECURITIES COMMISSIONER