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ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-12-0102
ORDER NO. S-12-0102-15-OR03

IN THE MATTER OF:

NIAZ ELMAZI

RESPONDENT

SUMMARY ORDER BARRING REGISTRATION

On October 13, 2014, the Arkansas Securities Department (“Department”) entered a Consent Order against the Respondent, Niaz Elmazi (“Elmazi”), in connection with violations of the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, and the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act. A copy of the Consent Order is attached hereto as Exhibit “A” and incorporated herein by reference for all purposes.

FINDINGS OF FACT

1. Under the terms of the Consent Order, Elmazi was ordered to pay a \$45,000.00 fine to the Department. The payment terms provided that Elmazi was to make an initial payment of \$10,000.00 within ten days of the entry of the Consent Order, followed by twelve monthly payments of \$2,916.67 due on the first day of each month thereafter. The Consent Order provided specific penalties in the event of Elmazi’s non-compliance with the referenced payment provisions.

The relevant penalty provisions of the Consent Order stated as follows:

Any failure by Elmazi to adhere to the payment provisions of this Order shall result in additional disciplinary action, including a one-year bar against any registration application from Elmazi with the Department. Elmazi may not, by way of defense to any such action, contest the findings in this Order or assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

2. Elmazi last tendered payment to the Department on June 1, 2015. The Staff of the Department sent Elmazi a letter dated August 4, 2015 via certified mail with return receipt to inform him of the accrued delinquency under the terms of the Consent Order. The letter allowed Elmazi additional time until September 15, 2015 to render himself current on his payment obligations to the Department. Elmazi did not respond to the Staff's letter and since has failed to make any additional payments in satisfaction of the payment provisions of the Consent Order.

APPLICABLE LAW

3. Ark. Code Ann. § 23-42-308(a)(2)(B) provides in part that the Commissioner may by order deny, suspend, make conditional or probationary, or revoke any registration if he finds that an applicant or registrant has failed to comply with provisions of an earlier order.

4. Ark. Code Ann. § 23-42-308(c) states that the Commissioner may by order summarily suspend a registration pending final determination of any proceeding under the Act. The Commissioner shall promptly notify the applicant or registrant that the order has been entered, and that within fifteen days after the receipt of a written request the matter will be set down for hearing. If no hearing is requested or ordered by the Commissioner, the order will remain in effect until it is modified or vacated by the Commissioner. If a hearing is requested or ordered, the Commissioner, after notice and opportunity for hearing, may modify or vacate the order or extend it until final determination.

CONCLUSIONS OF LAW

5. Elmazi violated Ark. Code Ann. § 23-42-308(a)(2)(B) when he entered into a Consent Order with the Department and failed to adhere to the agreed upon payment schedule, thereby triggering the penalty provisions barring his registration.

6. The entry of this Order by the Commissioner is appropriate pursuant to Ark. Code Ann. § 23-42-308(c).

IT IS THEREFORE SUMMARILY ORDERED that, in accordance with the non-payment penalty provisions of the Consent Order entered against Elmazi on October 13, 2014, any registration application submitted by Elmazi to the Department shall be barred for a period of one year from the date of this Order. A hearing on this Summary Order Barring Registration shall be held if requested by Elmazi. Such request should be addressed to the Commissioner and submitted to the following address: Arkansas Securities Commissioner, 201 East Markham, Suite 300, Little Rock, Arkansas 72201. If no hearing is requested and none is ordered by the Commissioner, this Summary Order Barring Registration will remain in effect until it is modified or vacated by the Commissioner.

WITNESS MY HAND AND SEAL this the 30th day of October, 2015.



B. Edmond Waters
Arkansas Securities Commissioner

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ARKANSAS SECURITIES DEPT.

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-12-0102

ORDER NO. S-12-0102-14-OR02

IN THE MATTER OF:

NIAZ ELMAZI

RESPONDENT

CONSENT ORDER

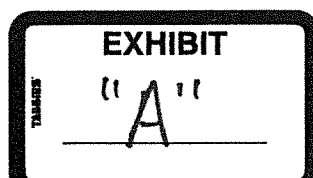
This Consent Order ("Order") is entered pursuant to the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act ("Rules"), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement between the Staff of the Arkansas Securities Department ("Staff") and the Respondent, Niaz Elmazi ("Elmazi").

Elmazi admits the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waives his right to a formal hearing and appeal, consents to the entry of this Order without admitting or denying the Findings of Fact and Conclusions of Law made herein, and agrees to abide by its terms in settlement of any possible violations committed in relation to the matters detailed herein.

FINDINGS OF FACT

1. Niaz Elmazi, CRD No. 2992689, is a New York resident who was registered with the Arkansas Securities Department ("Department") as a broker-dealer agent with HFP Capital Markets LLC ("HFP"), CRD No. 44351, from June 9, 2009 until May 16, 2013.

2. On or about July 30, 2012, Elmazi contacted an Arkansas Resident ("AR1") on a cold call recommending the purchase of certain corporate bonds issued by Verso Paper Corp.



("Verso"). Elmazi was not aware at the time of the call that ARI was employed as a Senior Securities Examiner with the Department and that he had contacted ARI on an office phone during business hours.

3. The Department alleges Elmazi pitched the Verso bonds to ARI as a short-term investment trading at sixty cents on the dollar and paying an 11.5% coupon. To solicit ARI's investment, Elmazi represented that a takeover of Verso by its main competitor, NewPage Corporation ("NewPage"), was imminent – adding that "it will happen in the next six weeks." Elmazi elaborated that the merger of the two companies would allow Verso bondholders to make 70% profit on their investment.

4. At the time of the cold call, the Verso bonds carried an average rating of "B" from the major credit rating agencies. Bonds with a "B" rating are labeled "highly speculative" and are colloquially referred to as "junk bonds" due to their non-investment grade status. Nonetheless, Elmazi failed to disclose to ARI the risks associated with purchasing a junk bond and while touting the potential return to ARI further stated, "I'm sure you'd be happy with that kind of return in the safety of a bond." The Department further alleges Elmazi failed to conduct a proper suitability analysis with ARI to determine if the bonds were suitable for the investor prior to recommending them for purchase.

LEGAL AUTHORITY

5. Ark. Code Ann. § 23-42-308(a)(2)(G) provides in part that the Commissioner may by order deny, suspend, make conditional or probationary, or revoke any registration if he finds that an applicant has engaged in unethical practices in the securities business.

6. Rule 308.01(b) of the Rules prohibits a broker-dealer or agent from making unjustified or untruthful representations that securities sold will subsequently become listed or

traded, or making representations that a market will be established or that the securities will be subject to an increase in value.

7. Rule 308.01(d) of the Rules requires that a registered agent, before recommending the purchase, sale, or exchange of any security, have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings, financial situation, and needs.

8. Ark. Code Ann. § 23-42-308(g) states that the Commissioner may for each violation of the Act fine a broker-dealer or agent in an amount not to exceed ten thousand dollars or an amount equal to the total amount of money received in connection with each separate violation.

CONCLUSIONS OF LAW

9. Elmazi violated Rule 308.01(b) of the Rules when he represented to ARI without reasonable justification that Verso would be acquired by NewPage causing an increase in the value of the Verso bonds, as set forth in paragraphs 2 through 3 above.

10. Elmazi violated Rule 308.01(d) of the Rules when he recommended the Verso bonds to ARI without having reasonable grounds to believe that the recommendation was suitable for purchase by the prospective client, as set forth in paragraphs 2 through 4 above.

11. The violations committed by Elmazi as detailed above constitute a violation of Ark. Code Ann. § 23-42-308(a)(2)(G). These violations justify the imposition of a fine pursuant to Ark. Code Ann. § 23-42-308(g).

UNDERTAKINGS

In settlement of this matter, Elmazi agrees to pay a \$45,000.00 fine to the Department. Elmazi shall pay the fine by making an initial payment of \$10,000 within ten days of the entry of

this Order, followed by twelve equal monthly payments of \$2,916.67. Elmazi further agrees not to reapply for registration with the Department in any capacity under the Act for a period of three months from the date of this Order.

OPINION

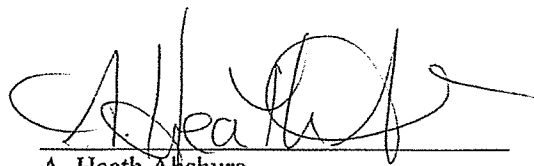
This Order is in the public interest. The facts as set forth in paragraphs one through four support the violations of the Act and Rules as set forth in paragraphs nine through eleven.

ORDER

IT IS THEREFORE ORDERED that in accordance with Elmazi's undertaking that Elmazi shall pay a fine to the Department in the amount of \$45,000.00, and no application by Elmazi for registration with the Department in any capacity under the Act will be accepted or granted within three months of the date of this Order. Elmazi shall pay the fine by making an initial payment of \$10,000.00 within ten days of the entry of this Order, followed by twelve equal monthly payments of \$2,916.67. The first monthly payment shall be due on November 1, 2014, and each subsequent monthly payment shall be due on the first day of each month thereafter until the total fine amount is paid in full. Each payment shall be made payable to the Arkansas Securities Department and delivered by hand or mail to 201 East Markham, Suite 300, Little Rock, Arkansas 72201.

Any failure by Elmazi to adhere to the payment provisions of this Order shall result in additional disciplinary action, including a one-year bar against any registration application from Elmazi with the Department. Elmazi may not, by way of defense to any such action, contest the findings in this Order or assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

WITNESS MY HAND AND SEAL this the 13th day of ~~September~~ October, 2014.



A. Heath Abshire
Arkansas Securities Commissioner

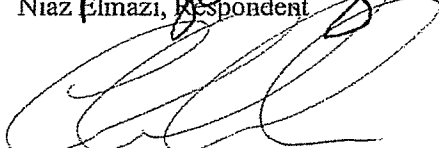
Approved as to Content and Form:



Niaz Elmazi, Respondent

10/8/14

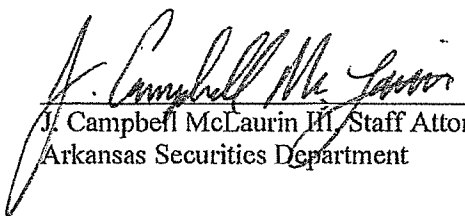
Date



Christopher Albanese, Attorney for Respondent

10/7/2014

Date



J. Campbell McLaurin III, Staff Attorney
Arkansas Securities Department

10/9/2014

Date