

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-13-0112

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

SALVATORE GIOE

RESPONDENT

COMPLAINT

COMES NOW the Staff of the Arkansas Securities Department (“Staff”), by and through counsel, J. Campbell McLaurin III, and for its Complaint states as follows:

AUTHORITY

This Complaint is filed 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 thereunder (“Rules”), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. 25-15-201 through 25-25-219.

RESPONDENT

1. Salvatore Gioe (“Gioe”), CRD No. 4390976, is a New York resident who has been registered with the Arkansas Securities Department (“Department”) as a broker-dealer agent with Blackwall Capital Markets, Inc. (“Blackwall”), CRD No. 144403, since October 22, 2012.

FACTUAL ALLEGATIONS

2. On August 7, 2013, Gioe contacted an Arkansas resident (“AR1”) on a cold call recommending the purchase of stock in Uni-Pixel, Inc. (“Uni-Pixel”). Gioe was not aware at the time of the call that AR1 was employed as a Senior Securities Examiner with the Department and that he had contacted AR1 on a Department phone during business hours.

3. At the time of the call, Uni-Pixel was trading at around \$15.65 per share. Gioe claimed he had information showing that Uni-Pixel's stock price would experience a substantial rise in coming days based on a series of events. Specifically, Gioe told AR1 that a similar company's earnings, dismissal of a pending lawsuit, and a strong earnings report would all contribute to a spike in Uni-Pixel's stock value. When asked by AR1 if he felt Uni-Pixel was a "sure thing," Gioe responded "in my heart, I do." Gioe supported this guarantee by making forward-looking statements regarding Uni-Pixel's stock price, such as "when the stock is at 25 (dollars per share), you will have made \$1,000.00."

4. At the time of the cold call, one preeminent investment research firm classified the Uni-Pixel stock as "distressed." Nevertheless, Gioe failed to disclose to AR1 the risks associated with purchasing a stock in this category. In addition to the lack of disclosure, Gioe failed to conduct a proper suitability analysis with AR1 to determine if the stock was suitable for the investor prior to making the recommendation for purchase.

WILLFUL VIOLATIONS OF THE ACT

5. Rule 308.01 of the Rules provides that each broker-dealer agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Rule 308.01(b) of the Rules prohibits a broker-dealer agent from making unjustified or untruthful representations that a market will be established or that the securities will be subject to an increase in value. Gioe violated Rule 308.01(b) of the Rules when he represented to AR1 that a number of events would increase the value of Uni-Pixel's stock price.

6. Ark. Code Ann. § 23-42-507(2) makes it unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the

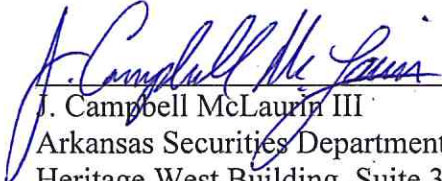
statements made, in the light of the circumstances under which they are made, not misleading. Gioe violated Ark. Code Ann. § 23-42-507(2) when he failed to disclose any risks involved with the proposed investment and represented without justification that a series of events would cause Uni-Pixel's stock price to reach \$25.00 per share.

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. Gioe violated Rule 308.01(d) of the Rules when he recommended the Uni-Pixel stock to AR1 without having reasonable grounds to believe that the recommendation was suitable for purchase by the prospective client.

REQUESTED RELIEF

WHEREFORE, the Staff respectfully prays that its Complaint be received and filed, that a date for a hearing on the merits be set, and that upon a final hearing the Commissioner will revoke Gioe's registration in accordance with Ark. Code Ann. § 23-42-308(a)(2)(B) for his willful violations of the Act as set forth above. Additionally, the Staff requests the imposition of a reasonable civil penalty pursuant to Ark. Code Ann. § 23-42-308(g) for Gioe's making unjustified and untruthful representations in violation of Rule 308.01(b) of the Rules and his committing securities fraud in violation of Ark. Code Ann. § 23-42-507(2). The Staff further requests all other general relief the Commissioner deems just and appropriate under the circumstances.

Respectfully Submitted,



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