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3 STATE OF OREGON  
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
5 DIVISION OF FINANCE AND CORPORATE SECURITIES

6 In the Matter of:

Case No. S-15-0105

7 LOUIS F. VARGAS,

FINAL ORDER TO CEASE AND  
DESIST, FINAL ORDER ASSESSING  
CIVIL PENALTY AND CONSENT TO  
ENTRY OF ORDER

8 Respondent.

9 The Director of the Department of Consumer and Business Services for the State  
10 of Oregon (hereinafter “the Director”), acting in accordance with Oregon Revised  
11 Statutes (“ORS”) 59.005 to 59.451, 59.991 and 59.995 (“the Oregon Securities Law”),  
12 and Oregon Administrative Rules (“OAR”) chapter 441, has investigated the securities  
13 salesperson license application, and amendments thereto, of Louis F. Vargas  
14 (“Respondent”).

15 Respondent has cooperated with the Director’s investigation and wishes to resolve  
16 this matter with the Director.

17 Now therefore, as evidenced by the signatures subscribed herein, Respondent  
18 hereby CONSENTS to the entry of this Order.

19  
20 FINDINGS OF FACT

21 The Director FINDS that:

22 1. Louis F. Vargas is a New Jersey resident and was, at all times relevant to this  
23 matter, licensed in Oregon to work as a securities salesperson for or on behalf of Merrill  
24 Lynch, Pierce, Fenner and Smith, Inc. The Central Registration Depository (“CRD”)  
25 number for Vargas is #5264931.

26 2. In order to become licensed as a salesperson in Oregon, Respondent was





1 required to complete the CRD Uniform Application for Securities Industry Registration  
2 or Transfer (“Form U4”). The Form U4 includes Financial Disclosure Questions, wherein  
3 the applicant is required to disclose certain information identified therein, including but  
4 not limited to, Questions 14K through 14M.

5 3. Respondent completed a Form U4, including the Financial Disclosure  
6 Questions, when he registered with an employer at the time of his initial licensing in  
7 Oregon on June 19, 2009.

8 4. Question 14M of Form U4 asks: “Do you have any unsatisfied judgments or  
9 liens against you?” On or about December 31, 2009 a lien was filed by the State of New  
10 Jersey against Respondent in an amount over \$1,000.

11 5. Respondent did not file an amendment to his Oregon license application  
12 reporting the lien in response to Question 14M on Form U4 until June 23, 2015.

#### 14 CONCLUSIONS OF LAW

15 The Director CONCLUDES that:

16 6. At all times material to this Order, Respondent was licensed in Oregon as a  
17 “salesperson,” as defined by ORS 59.015(18)(a).

18 7. A salesperson is required to amend her or his license application “when there  
19 is a material change to any information on the original application or previous  
20 amendments including: \* \* \* [c]ivil or criminal actions described on the application[.]”  
21 OAR 441-175-0105(1)(b).

22 8. Question 14M on Form U4 requires a licensed salesperson to disclose “any  
23 unsatisfied judgments or liens” against the salesperson. Disclosure of an unsatisfied  
24 judgment or lien is a “material change” to the application as that term is used in OAR  
25 441-175-0105(1).

26 9. In accordance with ORS 59.175(6) and OAR 441-175-0105(2), Respondent

1 was required to amend his Oregon license application within 30 days of the occurrence of  
2 a material change in the information contained in the original application or any  
3 amendments thereto.

4 10. Respondent failed to timely file an amendment to his Oregon salesperson  
5 license application within 30 days of the occurrence of a material change, in violation of  
6 ORS 59.175(6) and OAR 441-175-0105(2).

7  
8 **ORDERS**

9 The Director issues the following FINAL ORDERS:

10 *Final Order to Cease and Desist*

11 11. In accordance with ORS 59.245, Respondent is hereby ORDERED to CEASE  
12 AND DESIST from:

13 A. Failing to timely file a required amendment to his Oregon salesperson license  
14 application after a material change to the information contained in the application, as  
15 required by ORS 59.175(6) and OAR 441-175-0105(2); and

16 B. Violating any provision of the Oregon Securities Law or Oregon  
17 Administrative Rules chapter 441.

18 *Final Order Assessing Civil Penalty*

19 12. In accordance with ORS 59.995(1), the Director hereby ORDERS Respondent  
20 to pay a CIVIL PENALTY in the total amount of \$5,000 (five thousand dollars) for  
21 violation of ORS 59.175(6) and OAR 441-175-0105(2).

22 13. The Director SUSPENDS collection of \$4,000 (four thousand dollars) of the  
23 CIVIL PENALTY assessed above, so long as Respondent complies with all terms and  
24 conditions of this Order and all requirements of the Oregon Securities Law. If  
25 Respondent complies with the terms of this Order, and the Director has not initiated an  
26 enforcement action for new violations of the Oregon Securities Law during the three-year





1 period from the effective date of this Order, the Director WAIVES the collection of the  
2 suspended CIVIL PENALTY assessed herein.

3 14. Respondent must pay the remaining CIVIL PENALTY of \$1,000 (one  
4 thousand dollars) at signing, prior to the entry of this Order.

5 15. The Director reserves the right to immediately take enforcement action in  
6 accordance with ORS 183.745 to impose the suspended CIVIL PENALTY if Respondent  
7 violates the terms of this Order.

8 16. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that  
9 provision, the entry of this Order does not limit other remedies that are available to the  
10 Director under Oregon law.

11 SO ORDERED this 5th day of October, 2015.

12 PATRICK M. ALLEN, Director  
13 Department of Consumer and Business Services

14 /s/ David Tatman  
15 David C. Tatman, Administrator  
16 Division of Finance and Corporate Securities

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CONSENT TO ENTRY OF ORDER BY LOUIS F. VARGAS

I, Louis F. Vargas, state that I am a resident of the State of New Jersey, that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been advised of my right to be represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Order is a public document.

/s/ Louis Vargas  
Louis F. Vargas

State of New York

County of New York

Subscribed and affirmed before me by Louis F. Vargas on this 30th day of September, 2015.

/s/ Dorothy Pao  
Notary Public

Commission Expires: 10/25/2016

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