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SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF THE INVESTMENT  
ADVISER REGISTRATION OF  
JASON HYSON LEBLANC

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**Order No. IC19-SUS-06**

TO: Jason Hyson LeBlanc (CRD No. 2483182)  
Vere Global Wealth Management  
27130 Ashley Hills Ct.  
Fulshear, TX 77441,

### **DISCIPLINARY ORDER**

Be it remembered that Jason Hyson LeBlanc ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

### **OVERVIEW**

The Securities Commissioner enters this order against Respondent in connection with Respondent's sales of promissory notes in companies in which Respondent had a personal interest. Respondent did not completely disclose his role in the companies or his private securities transactions to Respondent's firm. Respondent sold the promissory notes to brokerage clients of Respondent's. Respondent subsequently failed to disclose the fact that the promissory notes were sold to brokerage clients to his current firm and failed to update his Form U4 to accurately disclose all outside business activities.

To resolve this matter, Respondent has agreed in an undertaking executed with the Securities Commissioner to pay three-hundred sixty-six thousand, two-hundred and eighteen dollars (\$366,218.00), an amount totaling the sum of promissory notes sold, to all investors in the promissory notes. Respondent has also agreed to a suspension from soliciting new clients for a period of one (1) year and to be placed on probation for a period of five (5) years and comply with the terms of the probation contained herein.

## FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (West, Westlaw through 2019 R. Sess.) ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West, Westlaw through 2019 R. Sess.).
2. From April 6, 2009 through September 30, 2015 Respondent was registered with the Securities Commissioner as an investment adviser representative and agent of Girard Securities, Inc. ("Girard").
3. On February 10, 2016 Respondent registered with the Securities Commissioner as an investment adviser representative of Vere Global Wealth Management ("Vere"). This registration is currently effective.

### Relevant Disciplinary History

4. On June 29, 2017, Respondent entered into a letter of acceptance waiver and consent (the "AWC") with the Financial Industry Regulatory Authority ("FINRA").<sup>1</sup>
5. The AWC barred Respondent from association with any FINRA member firm in any capacity for Respondent's conduct in connection with Respondent's sales of securities in companies in which Respondent had a personal interest.

### Respondent's Private Securities Transactions

6. On April 2, 2014, Respondent registered Alpha Grounds Coffee, LLC dba First Cup Café ("Alpha Grounds") and Higher Grounds Java Holdings, LLC ("Higher Grounds") with the Office of the Secretary of State of Texas ("Secretary of State").
7. Alpha Grounds was to operate as a coffee shop of which various partners owned a total of twenty-six percent (26%).
8. Higher Grounds was established as the holding company that owned a seventy-four percent (74%) of interest in Alpha Grounds.
9. Respondent's wife owned a forty-nine and a half percent (49.5%) interest in Higher Grounds.

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<sup>1</sup> [https://www.finra.org/sites/default/files/fda\\_documents/2015047168101\\_FDA\\_JG412469%20%282019-1563241758335%29.pdf](https://www.finra.org/sites/default/files/fda_documents/2015047168101_FDA_JG412469%20%282019-1563241758335%29.pdf)

10. Although Respondent had no ownership interest in either Alpha Grounds or Higher Grounds, Respondent incorporated and established both entities, opened bank accounts for both entities, was authorized to conduct business for each entity, had signatory authority over both entity's bank accounts and served as chief financial officer for both entities.
11. From April 2014 through September 2015, Respondent sold sixteen (16) promissory notes totaling three-hundred sixty-six thousand, two-hundred and eighteen dollars (\$366,218.00) to fourteen (14) individuals.
12. The promissory notes were issued by Missco Services, LLC ("Missco"), another entity controlled by respondent, but were sold as investments into Alpha Grounds.
13. The promissory notes promised investors an annual interest rate of eight percent (8%) payable on demand for thirty-six (36) months from the date the promissory note was executed. A five percent (5%) interest rate would also be applied to all unpaid amounts past the thirty-six (36) month term.
14. Notably, the promissory notes were unsecured. Therefore, in the event of a default or bankruptcy, there would be no collateral to protect a holder of the note from total loss on their investment.
15. The promissory notes were not approved by Girard for sales by its agents.
16. Nevertheless, Respondent's sales of the promissory notes included sales to eleven (11) customers of Girard.
17. Of the eleven (11) customers, at least six (6) withdrew funds from their Girard brokerage accounts in order to purchase the promissory notes from Respondent.

#### *Current Status of Alpha Grounds*

18. Alpha Grounds operated at a loss for its entire existence until it ultimately closed on June 7, 2017. Equipment from the coffee shop was sold at a loss and the coffee shop ceased all operations.
19. Additionally, each of Missco, Alpha Grounds, and Higher Grounds forfeited their existence as an entity with the Secretary of State on October 19, 2018.
20. As of the date of this Order, Missco has not made any payment of interest or return of principal with respect to the three-hundred sixty-six thousand, two-hundred and eighteen dollars (\$366,218.00) in promissory notes sold by Respondent.

## **Nondisclosures of Private Securities Transactions**

21. During the Relevant Period, Girard required agents and investment adviser representatives to provide written notice of all business activities outside the scope of their relationship with Girard.
22. To that end, Girard required that the agents and investment adviser representatives respond to questions on the Independent Activity Questionnaire form to provide information on any proposed outside business activity.
23. Based on the responses on the Independent Activity Questionnaire form, Girard would reject, approve, or approve with conditions the agent's or investment adviser representative's outside business activities. Only after receipt of approval or approval with limitations could the agent or investment adviser representative proceed to engage in the outside business activity.
24. In October 2014 Respondent completed and signed an Independent Activity Questionnaire that disclosed to Girard his relationship with Alpha Grounds.
25. Girard's disclosure form specifically asked whether Respondent intended to recommend investments in or the purchase or sale of securities of Alpha Grounds, to which Respondent answered "No."
26. However, by October 2014 Respondent had already sold three (3) promissory notes to three (3) individuals.
27. Further, Respondent never completed an Independent Activity Questionnaire with respect to Higher Grounds or Missco.
28. Respondent was terminated from Girard in September 2015 for his failure to completely disclose outside business activities and the sale of promissory notes to Girard clients.<sup>2</sup>
29. In connection with Respondent's registration as an investment adviser representative of Vere in February 2016, Respondent disclosed to Vere his relationships with Alpha Grounds, Higher Grounds, and Missco.
30. However, in response to a similar question regarding the sales of securities in connection with these outside business activities, Respondent failed to disclose to Vere that Respondent had sold the promissory notes to Respondent's customers at Girard.

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<sup>2</sup> Respondent's wife was also terminated from Girard in September 2015 for her failure to completely disclose outside business activities and for her sale of partnership interests in Alpha Grounds to Girard clients.

## Failures to Update Form U4

31. The Form U4 is the Uniform Application for Securities Industry Registration or Transfer. Broker dealers, their agents, investment advisers, and investment adviser representatives use the Form U4 to register with the appropriate jurisdictions and/or self-regulatory organizations and are under a continuing obligation to amend and update information required by the Form U4 as changes occur.
32. Section 13 of the Form U4 requires the disclosure of all other business activities a registrant is engaged in.
33. Sections 115.9(a)(6) and 116.9(a)(6) of the Rules and Regulations of the Texas State Securities Board require registrants to report to the Securities Commissioner within thirty (30) days of its occurrence any change in any information previously disclosed to the Securities Commissioner on any application form.
34. Respondent submitted a Form U4 application in connection with his registrations with Girard.
35. During the Relevant Period, Respondent filed four (4) amendments to his Form U4 in June, August, September and October of 2014 and never disclosed his involvement with Alpha Grounds until an amendment filed on November 10, 2014. The amendments, however, did not disclose Respondent's role in Missco or Higher Grounds.
36. In fact, Respondent never disclosed on his Form U4 his role in Missco or Higher Grounds, not in the Form U4 filed in connection with his registration as an investment adviser representative of Vere or in any subsequent amendments.

## CONCLUSIONS OF LAW

1. The promissory notes Respondent sold constitute "securities" as the term is defined by Section 4.A of the Texas Securities Act.
2. Respondent's private securities transactions while registered as an agent and investment adviser representative of Girard without the approval of Girard and in violation of Girard's written supervisory procedures constitute an inequitable practice in the sale of securities.
3. Respondent's failure to disclose to Vere that Respondent had sold the promissory notes to Respondent's customers at Girard constitute an inequitable business practice in rendering services as an investment adviser.

4. Pursuant to Section 14.A(3) of the Texas Securities Act, the foregoing inequitable business practices constitute bases for the issuance of an order suspending Respondent and placing Respondent on probation.
5. Respondent's failure to disclose to the Securities Commissioner the changes of information in connection with Respondent's business with Missco, Alpha Grounds, and Higher Grounds within thirty (30) days of such changes are violations of §115.9(a)(6) of the Board Rules.
6. Pursuant to Section 14.A(6) of the Texas Securities Act, the foregoing violations of Board Rules constitute bases for issuance of an order suspending Respondent and placing Respondent on probation.

#### TERMS OF PROBATION

1. Respondent agrees to have no trading authority on any client account while registered as an investment adviser representative of Vere.
2. Respondent further agrees to notify Respondent's supervisor of all requests by clients regarding account operations including, but not limited to, ACH contributions; distributions; check requests; and wires. Respondent further agrees not to facilitate any account operation on behalf a client without a supervisor's approval.
3. Respondent further agrees that all client information collected by Respondent in connection with a client's portfolio will be reviewed and approved by Respondent's supervisor.
4. Respondent further agrees to send to Respondent's supervisor all electronic communications with clients for review prior to sending the communications to clients.
5. Respondent further agrees to notify legal counsel of the Inspections & Compliance Division of the Texas State Securities Board ("Counsel") within ten (10) days upon receiving any written or oral complaints and report the initiation of any regulatory or civil actions within which Respondent's name appears or in which Respondent is otherwise involved.
6. Respondent further agrees to provide upon request by Counsel any update on payments made pursuant to the Undertaking incorporated by reference herein.

## ORDER

1. It is therefore ORDERED that Respondent is hereby SUSPENDED from soliciting new accounts on behalf of Vere for a period of one (1) year.
2. It is further ORDERED that Respondent is hereby PLACED ON PROBATION for a period of five (5) years.
3. It is further ORDERED that Respondent COMPLY with the terms of the Undertaking incorporated by reference herein in which Respondent undertakes and agrees to pay three-hundred sixty-six thousand, two-hundred and eighteen dollars (\$366,218.00), an amount totaling the sum of promissory notes sold to investors of Missco.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 31<sup>st</sup>  
day of October, 2019.



TRAVIS J. ILES  
Securities Commissioner



Respondent:



Jason Hyson LeBlanc  
Individually

Approved as to Form:



Clinton Edgar  
Deputy Securities Commissioner



Cristi Ramon Ochoa  
Attorney  
Inspections and Compliance Division



Tracy Phillips  
Stanley Law, PC  
Attorney for Respondent

\* By Shawn Staples  
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