

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO

In the Matter of:

HALLMARK INVESTMENTS INC.,
a New York corporation.

Respondent and applicant for broker-dealer
registration.

Docket No. 2017-7-08

**ORDER DENYING APPLICATION
FOR REGISTRATION AND NOTICE
OF OPPORTUNITY FOR HEARING**

The Director of the Department of Finance (“Director”) pursuant to the Idaho Uniform Securities Act (2004), Idaho Code 30-14-101 *et seq.* (the “Act”), in particular Idaho Code § 30-14-412, hereby finds as follows:

I. RESPONDENT

1. Hallmark Investments, Inc. (“Hallmark”) is a broker-dealer corporation formed in the state of New York on September 26, 2002, and is located at 260 Madison Avenue, 8th Floor, New York, NY 10016.

II. BACKGROUND

2. On September 28, 2005, the Department approved Hallmark’s initial broker-dealer registration in Idaho. Hallmark was continuously registered in Idaho until its registration expired on December 31, 2016 for failure to file a timely renewal.

3. On December 20, 2016, the Financial Industry Regulatory Authority’s (“FINRA”) Department of Enforcement instigated a disciplinary proceeding against Hallmark and certain individuals, including its president, Steven Dash, by filing a written complaint with FINRA’s Office of Hearing Officers. FINRA alleges that the Hallmark violated federal law and FINRA

conduct rules by engaging in illegal activities, including selling shares of stock to clients at fraudulently inflated prices.

4. Because Hallmark's Idaho registration was expired, Hallmark filed a new application for registration on January 9, 2017. On January 26, 2017, the Department sent Hallmark a written request to withdraw its application based on concerns that it had engaged in dishonest and unethical practices as alleged in the FINRA complaint. The Department stated that Hallmark could reapply for registration after the resolution of the FINRA disciplinary proceedings. The Department also notified Hallmark that additional documents would be required if it did not withdraw and therefore the application was not complete.

5. Pursuant to Idaho Code § 30-14-406(a)(2), the application for investment advisor registration must include, upon request by the Department, any information or record that the Department determines is appropriate.

6. Hallmark did not withdraw its application or otherwise respond to the Department's request.

7. On March 3, 2017, the Department sent a subsequent correspondence to Hallmark, requesting withdrawal of the application immediately and, alternatively, requiring the production of information and records related to the fraudulent transactions alleged in the FINRA complaint. The Department required Hallmark to provide the information and records on or before March 15, 2017.

8. On April 26, 2017, the Department sent Hallmark a final notice requiring withdrawal of the application or submission the information and records by May 3, 2017. The final notice included a draft copy of the Order.

9. Hallmark has neither withdrawn its application nor provided the required information and records.

III. FINDINGS

10. The information and records requested by the Department on March 3, 2017, constitute information or records that the Department has determined are appropriate and required to be submitted as part of Hallmark's application for registration pursuant to Idaho Code § 30-14-406(a)(2).

11. As of the date of the entry of this Order, the Hallmark has not provided the required information and records. Consequently, Hallmark's application is incomplete in a material respect as of the date of the entry of this Order and, as such, is grounds for discipline under Idaho Code § 30-14-412(d)(1).

12. The Director finds that entry of this order is in the public interest.

IV. ORDER

13. IT IS HEREBY ORDERED that the application for broker-dealer registration submitted to the Idaho Department of Finance by Hallmark Investments, Inc. on or about January 9, 2017 is DENIED.

14. IT IS FURTHER ORDERED that the effective date of the denial shall be 30 days from the entry of this Order.

15. No penalty or costs are assessed by this Order.

DATED this 4th Day of May, 2017



MARY E. HUGHES, Acting Director of Finance



NOTICE OF OPPORTUNITY FOR HEARING

YOU ARE HEREBY NOTIFIED that you have the right to request a hearing on this Order, within thirty (30) days after the service of this Order, in accordance with Idaho Code § 30-14-412(f). Within fifteen (15) days from the Department's receipt of a request for hearing on this Order, a hearing will be scheduled, and implementation of this Order will be suspended until a final determination is made. If you do not request a hearing and none is ordered by the Director within thirty (30) days after the date of service of this Order, this Order becomes final by operation of law.

Any such request for hearing must be in writing, addressed to:

Jim Burns
Securities Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such request for a hearing shall also be served on the Department's counsel, Alan Conilogue, Deputy Attorney General, at the same address. At the hearing you will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings.


The hearing will be conducted in accordance with the Idaho Administrative Procedure Act (IDAPA), Chapter 52, Title 67, Idaho Code, and rules promulgated thereto at IDAPA 04, Title 11, Chapter 01 *et seq.* If you fail to appear at the hearing, you are subject to a default order, in accordance with the IDAPA.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5th day of May, 2017, I caused a true and correct fully-executed copy of the foregoing ORDER DENYING APPLICATION FOR REGISTRATION, AND NOTICE OF OPPORTUNITY FOR A HEARING to be served on the following by the designated means:

Hallmark Investments, Inc.
260 Madison Avenue, 8th Floor
New York, NY 10016

U.S. mail, postage prepaid
 Certified mail
 Facsimile: (212)661-2055
 Email: info@hallmark-invest.com



KARABETH TILLMAN, Securities Technician
Idaho Department of Finance