

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 20, 2023

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2023-00006

JENNIFER WAPPAUS,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Jennifer Wappaus ("Defendant" or "Wappaus") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Wappaus has been registered in Virginia as an investment advisor representative since October 1, 2009. From December 1, 2016 to June 19, 2020, Wappaus was an investment advisor representative with PagnatoKarp Partners, LLC ("PagnatoKarp"), a federally covered investment advisor.

Based on its investigation, the Division alleges that between December 1, 2016 and March 17, 2017, Wappaus, while acting as an investment advisor representative for PagnatoKarp, failed to disclose to multiple clients in writing a material conflict of interest which could reasonably have been expected to impair the rendering of unbiased and objective advice, in violation of Rule 21 VAC 5-80-200 B 11 of the Commission's rules regarding investment advisors, 21 VAC 5-80-10 *et seq.* ("Rules"). Specifically, according to information obtained by the Division during its investigation, when moving their accounts from Metropolitan Capital Strategies to PagnatoKarp, multiple clients (including relatives and close family friends of

Wappaus) elected to maintain investments in S Squared, a hedge fund operated by Sharon Snow, Wappaus' mother. The Division alleges that Wappaus did not provide written disclosure of her relationship with Snow to the clients.

If any provisions of the Act or Rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 A of the Act to impose a civil penalty; by § 13.1-521 C of the Act to order a defendant to make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Division wherein the Defendant will abide by and comply with the following terms:

- (1) The Defendant will pay to the Treasurer of Virginia, within one year of the entry of this Order, the amount of Twenty-Five Thousand Dollars (\$25,000) in monetary penalty; and
- (2) The Defendant will not violate the Act or the Rules in the future.

The Division supports the Defendant's settlement offer and has recommended that the Commission accept the settlement.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the settlement should be, and is hereby, accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The settlement is accepted.
- (2) The Defendant shall fully comply with the terms of the settlement stated herein.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate on account of the Defendant's failure to comply with the terms of the settlement.

Commissioner James C. Dimitri participated in this matter.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Todd Ratner, Esquire, at todd.ratner@ratnerplc.com, Ratner Law, 7201 Glen Forest Drive, Suite 102, Richmond, Virginia 23226; and a copy shall be delivered to the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT

Jennifer Wappaus ("Defendant") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof. The Defendant, while neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

Jennifer Wappaus

Jennifer Wappaus

Date: 10/25/2023

Seen by:

Todd Ratner
Todd Ratner, Esquire