

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

5 Moghis Uddin Mohammad (CRD # 4912020),
6 Joshua Michael Label (CRD # 5032599), Vita
Intellectus, LLC (CRD # 159164), Bryton Shaun
7 Stephens (CRD # 5957183), and Vita Intellectus
Institutional, Inc. (CRD # 306427),

8 Respondents.

Order No.: S-19-2806-24-CO02

CONSENT ORDER AS TO BRYTON SHAUN
STEPHENS

9 THE STATE OF WASHINGTON TO: Bryton Shaun Stephens (CRD # 5957183)

10
11 **INTRODUCTION**

12 On March 23, 2022, the Securities Administrator of the State of Washington issued Statement of
13 Charges and Notice of Intent to Enter an Order to Cease and Desist, Deny Future Registrations, Impose
14 Fines, and Charge Costs, Order No. S-19-2806-21-SC01 (“Statement of Charges”) against Respondents
15 Moghis Uddin Mohammad (CRD # 4912020), Joshua Michael Label (CRD # 5032599), Vita Intellectus,
16 LLC (CRD # 159164), Bryton Shaun Stephens (CRD # 5957183), and Vita Intellectus Institutional, Inc.
17 (CRD # 306427). Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and
18 Bryton Shaun Stephens (“Respondent”) do hereby enter into this Consent Order in settlement of the matters
19 set forth in the Statement of Charges and as alleged below. Respondent neither admits nor denies the
20 Findings of Fact and Conclusions of Law as stated below.

21
22 **FINDINGS OF FACT**

23 **Respondent**

1 career investors intending to grow their assets to retirees relying on their portfolio to cover their living
2 expenses or to pass on wealth to their children.

3 6. Until September 2018, client accounts traded by Vita Intellectus and Label were held at
4 Custodian #1, a large multinational financial services firm. In approximately May 2018, Custodian #1
5 detected unusual trading activity in accounts managed by Vita Intellectus and Label. Specifically, Custodian
6 #1 suspected that positive trades were being intentionally allocated to favored client accounts, a concept
7 known as “cherry-picking.” Cherry-picking is a violation of state and federal securities laws and
8 inconsistent with an investment adviser’s fiduciary duty to its clients.

9 7. Custodian #1 questioned Vita Intellectus and Label about their allocation practices and found
10 they could not adequately explain their conduct. In approximately August 2018, Custodian #1 told Vita
11 Intellectus that it was terminating its access to the investment management platform and that it would lose
12 access in November 2018.

13 8. Vita Intellectus and Label chose to use Custodian #2, a smaller financial services firm, as Vita
14 Intellectus’ account custodian going forward.

15 9. In approximately February 2020, Custodian #2 terminated Vita Intellectus and Label’s access
16 to its platform, depriving them of the ability to directly manage client accounts. In this same time period,
17 Vita Intellectus was closed.

18 10. Label and Stephens transitioned some Vita Intellectus clients to Vita Intellectus Institutional.
19 Stephens served as the principal and chief compliance officer of Vita Intellectus Institutional, and Label
20 was its chief executive officer. Vita Intellectus Institutional applied to the Securities Division to register as
21 a state-level investment adviser.

22 11. Unlike Vita Intellectus, Vita Intellectus Institutional did not directly trade client accounts, but
23 instead recommended trades for clients. Clients would then execute these trades on their own.

1 12. Stephens failed to disclose to clients that Label and Vita Intellectus Institutional were barred
2 from using two investment management platforms. Stephens instead communicated with clients in a
3 dishonest and misleading manner.

4 13. In an email sent to clients by Stephens, Label, and Vita Intellectus Institutional, they stated:

5 Thank you for taking the time to read this letter. At Vita Intellectus we have always strived
6 to be at the forefront of change. The industry and been moving towards open architecture
7 Wealth Advisory or true holistic wealth advisory. What this means is a true and complete
8 look at your assets beyond your investments accounts. With this in mind we are going to be
9 shifting away from direct asset management and do business in an exciting and
10 comprehensive way, with our fee only Wealth Advisory. We have determined with the
11 recent market liquidity issues and other reason we are discontinuing direct asset
12 management. Starting on March 1st we will no longer have [Custodian #2] as our
13 Custodian, you are welcome and encouraged to stay with [Custodian #2] if you want, or
14 open an account with any custodian you choose and we would be happy to assist with the
15 transfers.

16 What this means is we are decoupling from the traditional model. We will be conducting
17 business through Vita Intellectus Institutional, doing business as VI Institutional, an
18 affiliated advisor, going forward.

19 We will continue to provide advice on all your assets, which goes well beyond your
20 investment accounts! We want to have a fee only relationship with clients and the ability to
21 have clients keep their funds, accounts, resources, wherever they feel comfortable. We will
22 continue to provide holistic advice as many of you have experienced, from business, to real
23 estate, investment accounts, and goal oriented advisory solutions focused on bringing
simplicity to the complexities of your life. This allows our advisors to continue to provide
objective advice and solutions for you which we believe is always best! The key difference
is we will not be managing the funds on a day to day basis, however, we will be monitoring
and providing guidance. In order for us to change the investments moving forward we will
login with you and walk you through any changes that need to be made. There will be a few
additional steps required however; we believe this will be well worth it in the long run.

24 14. In addition, Stephens, Label, and Vita Intellectus Institutional provided all Vita Intellectus
25 Institutional clients with a brochure (“ADV Brochure”). An ADV Brochure is the primary way an
26 investment adviser discloses key information about the firm to prospective and continuing clients. This

1 brochure is intended to allow investors to access clear and understandable information about the firm's
2 investment strategies, conflicts of interest, and the background of the firm and its personnel.

3 15. The ADV Brochure Stephens, Label, and Vita Intellectus Institutional provided did not
4 disclose that Label could not directly manage accounts on Custodian #1 or Custodian #2, even though this
5 was material information for clients to know when determining whether to use their services.

6 16. Although its state registration had not been approved, Stephens, Label, and Vita Intellectus
7 Institutional continued to act as an investment adviser and investment adviser representatives to their clients.
8 They executed contracts with clients to provide investment management advice, continued to charge and
9 collect fees for their services, and held themselves out as investment advisers or investment adviser
10 representatives to the public through their website and other communication channels. They also continued
11 to state that they were registered in Washington.

12 17. Stephens continued this activity until the Securities Division sent a cease-and-desist letter in
13 approximately September 2020. To the Securities Division's knowledge, Stephens complied with this letter
14 and subsequently ceased any investment management activities.

15 Based upon the above Findings of Fact, the following Conclusions of Law are made:

16 **CONCLUSIONS OF LAW**

17 1. Respondent Stephens violated RCW 21.20.020(1)(b), because, as set forth in the Findings of
18 Fact, he engaged in acts, practices, or courses of business which operates or would operate as a fraud or
19 deceit upon the other person while receiving consideration from the party primarily for advising the other
20 person as to the value of securities or their purchase or sale;

21 2. Respondent Stephens violated RCW 21.20.020(1)(c), because, as set forth in the Findings of
22 Fact, he engaged in dishonest and unethical practices as the director may define by rule while receiving
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1 consideration from the other party primarily for advising the other person as to the value of securities or
2 their purchase or sale;

3 a. Respondent Stephens violated WAC 460-24A-220 by breaching his fiduciary duty to his
4 clients;

5 b. Respondent Stephens violated WAC 460-24A-220(8) by misrepresenting to advisory
6 clients the nature of the advisory services being offered or fees to be charged for such service, or by omitting
7 to state a material fact necessary to make the statements made regarding qualifications, services or fees, in
8 light of the circumstances under which they are made, not misleading;

9 c. Respondent Stephens violated WAC 460-24A-220(20) by engaging in acts, practices, or
10 courses of business which were fraudulent, deceptive, manipulative or unethical.

11 3. Respondent Stephens violated RCW 21.20.040(3) by transacting business in this state as an
12 investment adviser or investment adviser representative without registration.

13 **CONSENT ORDER**

14 IT IS AGREED AND ORDERED that Respondent Stephens, and his agents and employees, shall
15 cease and desist from violations of RCW 21.20.020(1), WAC 460-24A-220, and RCW 21.20.040(3).

16 IT IS FURTHER AGREED AND ORDERED that Respondent Stephens, along with Vita Intellectus
17 Institutional, shall be jointly and severally liable for and shall pay a fine of \$20,000.00. Vita Intellectus
18 Institutional is ordered to pay the fine as part of Consent Order S-19-2806-24-CO01. It is determined that
19 the fine for Respondent Stephens shall be suspended contingent upon his compliance with this Consent
20 Order. In the event that Stephens fails to comply with the terms and provisions of this Consent Order, in
21 addition to any other remedy available, the fine shall be immediately due and payable.

22 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

1 IT IS FURTHER AGREED that Respondent Stephens enters into this Consent Order freely and
2 voluntarily and with a full understanding of its terms and significance.

3 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Stephens waives his
4 right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

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6 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

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8 Signed this 2nd day of August, 2024

9
10 Signed by:

11
12 /s/
Bryton Shaun Stephens (CRD # 5957183), Individually

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15 Approved as to form by:

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17 /s/
Douglas W. Hyman, Attorney for the Respondents
18 Illinois Bar # 6229471

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20 Signed and Entered this 21st day of August, 2024.

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_____/s/_____
William M. Beatty
Securities Administrator

Approved by:

Presented by:

_____/s/_____
Brian J. Guerard
Chief of Enforcement

_____/s/_____
Brett Werenski
Financial Legal Examiner

Reviewed by:

_____/s/_____
Holly Mack-Kretzler
Financial Legal Examiner Supervisor