



CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310

Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

E. WALLY KINNEY
CHAIR

ROBERT BELT
MEMBER

MELISSA TYROCH
MEMBER

EJIKE E OKPA II
MEMBER

DAVID B. MONTGOMERY
MEMBER

IN THE MATTER OF THE AGENT
REGISTRATION OF TING CHEN

§
§

Order No. LID-26-CAF-02

TO: Ting Chen (CRD No. 2394916)
Landolt Securities, Inc.
12900 Preston Rd Suite 700
Dallas, TX 75230

DISCIPLINARY ORDER

Be it remembered that Ting Chen ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order"), the Findings of Fact, the Conclusions of Law contained herein, and the Undertaking incorporated by reference herein.

OVERVIEW

Beginning on or about January 1, 2019, Respondent's firm approved sales of L Bonds thirty-two (32) times to twenty-seven (27) Texas investors. GWG L Bonds were a type of alternative investment. Specifically, L Bonds were high-yield, unrated corporate bonds that originally financed the purchase of life insurance policies. and that paid interest rates between five and a half percent (5.50%) and eight and a half percent (8.50%), depending on the maturity period, which ranged from two (2) years to seven (7) years. The L Bond prospectus stated that investing in L Bonds involved a high degree of risk, including the risk of losing one's entire investment, could be considered a speculative investment, and was only suitable for persons with substantial financial resources and with no need for liquidity in this investment.

The firm's written supervisory procedures ("WSPs") included a section related to alternative investments defining certain suitability guidelines when recommending alternative investments to clients. These guidelines included not recommending the purchase of alternative investments to clients older than the age of seventy (70), not investing more than fifteen percent (15%) of a client's net worth in any one alternative investment product, and not investing more than thirty percent (30%) of a client's net worth in alternative investments, without justification. Staff identified two (2) sales of L Bonds to two (2) of Respondent's clients in which the client invested sixteen percent

(16%) and thirty-four percent (34%) of his or her net worth in L Bonds, exceeding the fifteen percent (15%) threshold for investing in alternative investments set out by the Firm's WSPs. The Staff also identified that one (1) of Respondent's clients was seventy-five (75) years of age, exceeding the age threshold for investing in alternative investments set out by the Firm's WSPs. Accordingly, Respondent has agreed to a reprimand and to refund certain clients pursuant to the terms of an undertaking incorporated by reference 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 rights to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. On November 17, 2017, Respondent registered with the Securities Commissioner as an agent of Landolt Securities, Inc. (the "Firm"). This registration is currently effective.
3. On January 15, 2025, Respondent's Form U4 was updated via the Central Registration Depository System ("CRD") to reflect a customer complaint disclosure (the "Customer Complaint").
4. The Customer Complaint is related to Respondent's sales and recommendations of GWG Holdings Inc. ("GWG") to a Texas client.
5. And on January 21, 2025, staff of the Texas State Securities Board ("Staff") initiated an investigation of the Customer Complaint.

GWG L Bonds

6. GWG L Bonds ("L Bonds")¹ were a type of alternative investment. Specifically, L Bonds were high-yield, unrated corporate bonds that originally financed the purchase of life insurance policies and that paid interest rates between five and a half percent (5.50%) and eight and a half percent (8.50%), depending on the maturity period, which ranged from two (2) years to seven (7) years.
7. Compensation to selling broker dealers included a sales commission of up to five percent (5%) depending upon the maturity of the L Bond.²
8. In 2019, GWG completed a merger, after which, GWG's business model changed significantly. GWG stopped acquiring life insurance policies and instead shifted to offering liquidity to customers holding illiquid, alternative investments.

¹ On April 20, 2022, GWG filed for Chapter 11 bankruptcy.

² Associated persons of the Firm, like Respondent, received around ninety percent (90%) of the compensation made by the selling broker dealer, like the Firm, for each L Bond sale.

9. More specifically, instead of using investor money to purchase life insurance policies as it previously had, investor money would now be used to invest in Beneficient Company Group, L.P. and its subsidiaries, which were in the business of extending loans backed by cash flows from illiquid alternative assets.
10. L Bonds were primarily secured by GWG's equity ownership interests in certain subsidiaries. And while GWG's largest tangible asset remained the portfolio of life insurance policies, L Bond holders' claims to these life insurance assets were subordinate to creditors of the GWG subsidiaries.
11. The Prospectus stated that investing in L Bonds involved a high degree of risk, including the risk of losing one's entire investment, could be considered a speculative investment, and was only suitable for persons with substantial financial resources and with no need for liquidity in this investment.

Respondent's Sales of L Bonds to Clients

12. Beginning on or about January 1, 2019, Respondent's Firm approved sales of L Bonds thirty-two (32) times to twenty-seven (27) Texas investors.
13. The Firm's written supervisory procedures ("WSPs") included a section related to alternative investments defining certain suitability guidelines when recommending alternative investments to clients.
14. These guidelines included not recommending the purchase of alternative investments to clients older than the age of seventy (70), not investing more than fifteen percent (15%) of a client's net worth in any one alternative investment product, and not investing more than thirty percent (30%) of a client's net worth in alternative investments.
15. The WSPs also state that the Firm may allow the aforementioned threshold guidelines to be exceeded if the agent provides justification to the satisfaction of the Firm.
16. If the investment exceeded the alternative investment thresholds set out in the WSPs, the client was required to acknowledge either that the investment represents more than fifteen percent (15%) of the investor's investable assets or that more than thirty percent (30%) of the investor's total net worth is invested in alternative investments.
17. Respondent's Firm required investors to complete certain account forms in connection with opening an account and investing in an alternative investment.
18. The "Client Information and Account Form," recorded a client's financial profile information, such as investment objective, risk tolerance, income, net worth, liquid net worth, time horizon, investment experience, etc.

19. The Firm's agents are required to answer certain questions regarding an investor's investment in an alternative investment, including: whether the investment represents more than 15% of the client's investable assets; whether the value of all of the client's investments in alternative investments represent more than 30% of the client's investable assets; and whether the client is age 70 or older.
20. Staff identified two (2) sales of L Bonds to two (2) of Respondent's clients in which the client invested greater than fifteen percent (15%) of his or her net worth in L Bonds.
21. These two (2) clients invested between sixteen percent (16%) and thirty-four percent (34%) of his or her net worth in L Bonds, exceeding the 15% threshold for investing in alternative investments set out by the Firm's WSPs.
22. The Staff also identified that one (1) of Respondent's clients was seventy-five (75) years of age, exceeding the age threshold for investing in alternative investments set out by the Firm's WSPs.
23. For example, Respondent had one client of his, ("Client A"), invest \$500,000 or almost thirty-four percent (34%) of his net worth in a seven-year L Bond.
24. Client A had an annual income between \$100,000 to \$200,000; a net worth of around \$1,500,000; a liquid net worth around \$1,000,000; a "moderate" risk tolerance, an "income" investment objective; and no prior experience in alternative investments.
25. Respondent had another client, ("Client B"), invest \$80,000 or sixteen percent (16%) of their net worth in a three-year L Bond.
26. Client B's annual income was between \$25,000 to \$100,000; their net worth was around \$500,700; their liquid net worth was around \$300,700; their risk tolerance was "moderate"; and their investment objective was "income."
27. And finally, another client, ("Client C"), was around seventy-five (75) years old when Respondent had her invest \$100,000 or over twelve percent (12%) of her net worth in a seven-year L Bond.
28. Client C's annual income was between \$200,000 to \$350,000; her net worth was around \$620,800; and liquid net worth was around \$120,800.
29. Despite the firm-imposed guidelines set out in the WSPs and by the Firm, Respondent still sold L Bonds to these three (3) clients and received commissions for these sales.

CONCLUSIONS OF LAW

1. Respondent selling and concentrating L Bonds to certain clients' accounts beyond the Firm-imposed limits, including investments in an alternative investment does not exceed fifteen percent (15%) of a client's net worth or that clients should not invest in alternative investments if they are over the age of seventy (70) were inequitable practices in the sale of securities.
2. Pursuant to Section 4007.105(a)(3)(A) of the Texas Securities Act, the aforementioned inequitable practices in the sale of securities constitute bases for the issuance of an order reprimanding Respondent.
3. Pursuant to Section 4007.108 of the Texas Securities Act, the Securities Commissioner may order a dealer, agent, investment adviser, or investment adviser representative to pay a refund to a client or a purchaser of securities or services from the person or company as provided in an agreed order or an enforcement order instead of or in addition to imposing an administrative penalty or other sanctions.

ORDER

1. It is therefore ORDERED that Ting Chen is hereby REPRIMANDED.
2. It is further ORDERED that Ting Chen shall REFUND certain clients pursuant to the terms of an undertaking incorporated by reference herein.

SIGNED AND ENTERED BY THE DEPUTY SECURITIES COMMISSIONER this 7th
day of April, 2026.

Cristi R. Ochoa
CRISTI R. OCHOA
Deputy Securities Commissioner

Respondents:

A handwritten signature in black ink, appearing to read 'Ting Chen', is written over a horizontal line.

Ting Chen,
Individually

Approved as to Form:

A handwritten signature in black ink, appearing to read 'Nadda Rungruangphol', is written over a horizontal line.

Nadda Rungruangphol,
Attorney
Legal and Investigations Division