

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of,

THOMAS VAUGHN DEMERGIAN and
INSIGHT WEALTH MANAGEMENT,

Respondents.

FINAL ORDER BY CONSENT TO
CEASE AND DESIST, REVOKING
EXEMPTIONS, BARRING
REGISTRATION AND IMPOSING
RESTITUTION AND PENALTIES

DFI Case No. S-246765 (LX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. THOMAS VAUGHN DEMERGIAN (“Demergian”) (CRD# 2347302) is an adult male Wisconsin resident with a last known address of [REDACTED].
2. INSIGHT WEALTH MANAGEMENT (“IWM”) (CRD# 172897) was a sole proprietor state registered investment adviser approved by the Division on September 26, 2014, with a last known business address of 9629 Shadow Wood Drive, Verona, Wisconsin 53593. At all material times, Demergian was the sole proprietor and investment adviser representative of IWM.

Conduct

3. Demergian was registered with the Division as an investment adviser representative beginning in December 2009. Prior to that time, Demergian was registered as a broker-dealer agent with various broker-dealer firms dating back to 1993.
4. Demergian has held a Wisconsin resident intermediary license (#356684) since 1992, authorizing him to sell life, accident and health insurance. He held the Certified Financial Planner professional designation, but is no longer certified.
5. Demergian offered wealth management services, including investment management, under the sole proprietorship of IWM since February 16, 2000. On November 30, 2009, Demergian terminated IWM's registration as an investment adviser. Demergian reapplied IWM as an investment adviser and was approved on September 26, 2014. IWM terminated its registration on February 7, 2023, which also terminated Demergian's registration as an investment adviser representative.
6. Demergian had custodial arrangements with various broker-dealers, most recently with TD Ameritrade, where his clients custodied their investment funds. Demergian charged his customers a fee for advice on assets under his management.
7. Beginning in or around 2000, Demergian informed certain clients that he would invest their funds without a fee. Between 2000 and 2002, he instructed those clients to write checks to IWM.
8. Beginning in 2002, Demergian directed those clients to write checks to "IRT." Demergian opened a bank account in the name of IRT to receive the investor funds. He believed opening the IRT bank account would make it harder for anyone to trace the funds.
9. Demergian told investors, and investors believed his representations, that the IRT monies would be invested (without charge) in various investment funds, such as Vanguard, Blackrock and certain REITs.
10. In fact, Demergian used the IRT account as a personal account, and spent all of the funds deposited by investors into the IRT account on personal expenses and to supplement his income.
11. Table 1 below summarizes the investments attributable to 14 investors defrauded by the Respondents.

Investor	Initials	Address	Total Invested	Date of Initial Investment
[REDACTED]	GB & LB	[REDACTED]	\$70,351.88	10/24/2019
[REDACTED]	SB	[REDACTED]	\$45,000	4/12/2022
[REDACTED]	ME	[REDACTED]	\$55,000	3/4/2009
[REDACTED]	KG	[REDACTED]	\$115,000	2/21/2016
[REDACTED]	FH & CH	[REDACTED]	\$60,000	7/30/2012
[REDACTED]	DI	[REDACTED]	\$23,248.65	5/18/2020
[REDACTED]	TJ & RJ	[REDACTED]	\$60,000	2/2/2008
[REDACTED]	AM	[REDACTED]	\$60,000	4/4/2019
[REDACTED]	EM & VM	[REDACTED]	\$160,000	2/28/2013
[REDACTED]	NN & CN	[REDACTED]	\$81,000	9/12/2010
[REDACTED]	EP & DP	[REDACTED]	\$410,000	5/28/2006

[REDACTED]	KS	[REDACTED]	\$52,400	2/13/2015
[REDACTED]	PT & LH	[REDACTED]	\$20,000	5/16/2005
[REDACTED]	MW	[REDACTED]	\$210,000	6/16/2017

12. Of the 14 investors identified in Table 1, 5 investors were at least 65 years of age at the time of their initial or supplemental investment.
13. On March 10, 2023, the Division issued a Consent Order to Cease and Desist, Revoking Exemptions and Barring Registration against Demergian and Insight Wealth Management. The Consent Order noted the investigation in this matter was ongoing and further orders may be issued.

B. Conclusions of Law

Legal Authority and Jurisdiction

14. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
15. Demergian was registered as an investment adviser as defined under Wis. Stat. § 551.102(15) at all material times.
16. Pursuant to Wis. Stat. § 551.412(4)(m), a person may be disciplined under Wis. Stat. § 551.412(3) if the person engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business within the previous 10 years.
17. Pursuant to Wis. Admin. Code DFI-Sec 5.06(12), a “dishonest or unethical business practice” or “taking unfair advantage of a client” by an investment adviser or an investment adviser representative includes taking custody of client funds or securities without being in compliance with s. DFI-Sec. 5.035 and the net worth requirement in s. DFI-Sec. 5.02(2).
18. Pursuant to Wis. Stat. § 551.502(1)(a), it is unlawful for a person that advises others for compensation to employ a device, scheme, or artifice to defraud another person.

19. Pursuant to Wis. Stat. § 551.502(1)(b), it is unlawful for a person that advises others for compensation to engage in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.
20. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

21. Through the conduct described above, Demergian engaged in dishonest or unethical practices in the securities business in violation of Wis. Stat. §§ 551.412(4)(m) and Wis. Admin. Code DFI-Sec 5.06(12) by taking custody of client funds without being in compliance with ss. DFI-Secs. 5.035 and 5.02(2).
22. Through the conduct described above, Demergian is subject to discipline pursuant to Wis. Stat. § 551.412(4)(m) because he took custody of client funds contrary to Ch. 551 and the rules and regulations promulgated thereunder.
23. Through the conduct described above, Demergian violated Wis. Stat. § 551.502(1)(a) by employing a device, scheme or artifice to defraud his clients. Specifically, Demergian persuaded clients to transfer investment funds into a bank account Demergian personally controlled and used for his own benefit, while creating false documents intended to mislead investors into believing they had legitimate investments.
24. Through the conduct described above, Demergian violated Wis. Stat. § 551.502(1)(b) by engaging in an act, practice or course of business over 20 years that operated as a fraud or deceit upon his clients. Specifically, Demergian persuaded clients to transfer investment funds into a bank account Demergian personally controlled and used for his own benefit, while creating false documents intended to mislead investors into believing they had legitimate investments.
25. Through the conduct described above, Demergian violated Wis. Stat. § 551.501(2), when he, in connection with the offer, sale or purchase of a security, directly or indirectly, made false statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including but not limited to falsely representing to clients they had investments in Vanguard, Blackrock and REITs and providing false documentation to clients to support his false representations.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and

pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. §§ 551.604 and 551.412, to issue the following orders and notices:

A. Consent Orders issued pursuant to Wis. Stat. §§ 551.604(2) and 551.412(6)

- (a) IT IS ORDERED that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made in or from Wisconsin to any person or entity any further offers or sales of securities unless and until such securities qualify as federal covered securities, federal exempt securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stats. §§ 551.604(1)(a) and (2).
- (b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 and Wis. Stat. § 551.502 or successor statutes.
- (e) IT IS FURTHER ORDERED that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (f) IT IS FURTHER ORDERED that RESPONDENTS are permanently barred from future registration with the Division in any capacity pursuant to Wis. Stat. § 551.412(3).
- (g) IT IS FURTHER ORDERED that Respondents pay restitution to the investors identified in Table 1 in the aggregate amount of **\$1,422,000.53** with interest on such

amount at the legal rate under Wis. Stat. § 138.04, starting from the date of the transaction through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m). Respondents shall provide the Division with proof of the restitution payments by no later than 30 days after restitution has been paid, subject to subparagraph (h) below.

- (h) Respondent Demergian is being prosecuted by the United States Attorney's office for the Western District of Wisconsin, in connection with the acts described in this consent order, in case number 23-cr-27-wmc. Respondents and the Division anticipate Respondent Demergian will be sentenced to a term of imprisonment and subject to a mandatory federal restitution order. Respondents and the Division further anticipate the Financial Litigation Unit of the United States Attorney's office will collect restitution payments from Respondent Demergian, starting when he is released from custody. Respondent Demergian agrees to report any restitution payments made to the United States Attorney's office to the Division within 30 days of making the payment.
- (i) IT IS FURTHER ORDERED that pursuant to Wis. Stat. § 551.604(4) a civil penalty be imposed upon the Respondents in the form of an administrative assessment totaling \$25,000 for the violations committed against the investors, many of whom were over the age of 65 at the time the violations occurred. The Division prioritizes restitution to investors over the payment of civil penalties and, therefore, the payment of \$25,000 shall be suspended until the investors are made whole under subparagraphs (g) and (h). However, if the Respondents fail to make restitution payments to investors or otherwise violate the terms of this Consent Order, the civil penalty shall become immediately due and payable.
- (j) PLEASE TAKE NOTICE that the orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. §§ 551.604(2) and 551.412(6). You are advised that any willful violation of an order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

B. Service of Order

- (k) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (l) PLEASE TAKE NOTICE that if service is by certified mail, the date of the service of this order is the date it is placed in the mail. If service is by personal service, the date of the service of this order is the date personal service is completed.

C. Notifications

- (m) PLEASE TAKE NOTICE that this Order consented to by RESPONDENTS prohibit RESPONDENTS from transacting business in the State of Wisconsin per the terms of

the consent orders issued pursuant to Wis. Stat. § 551.604(2), is effective upon the date issued, and shall have the same effect on the RESPONDENTS as a permanent injunction entered by a circuit court pursuant to Wis. Stat. § 551.603(2)(a):

- (n) PLEASE TAKE FURTHER NOTICE violations of this Consent Order may be enforced by any investor, or by the Division pursuant to Wis. Stat. § 551.604(7) whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the order in a venue selected by the investor or the Division and/or its representatives, which may include any of the following:
 - i. Dane County;
 - ii. The county in which one or more of the Respondents reside; or
 - iii. The county in which one or more of the underlying violations occurred or where the investor resided at the time the violations occurred.
- (o) PLEASE TAKE FURTHER NOTICE that the orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § § 551.604(2) and 551.412(6).
- (p) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, and effective on this 23rd day of ~~February~~ ^{May}, 2024.

(SEAL)



Leslie M. Van Buskirk
Administrator
Division of Securities

State of Wisconsin
Department of Financial Institutions
4822 Madison Yards Way
North Tower, 4th Floor
Madison, Wisconsin 53705



BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of,

WAIVER AND CONSENT

THOMAS VAUGHN DEMERGIAN and
INSIGHT WEALTH MANAGEMENT,

Respondents.

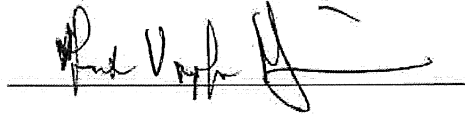
DFI Case No. S-246765 (LX)

The undersigned Respondents, THOMAS VAUGHN DEMERGIAN and INSIGHT WEALTH MANAGEMENT, having decided not to contest the issuance of the attached Final Order, hereby waive their rights to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Final Order, and hereby consents to the issuance of the Final Order. Respondents reserve all defenses for any proceeding not covered by this Final Order. Notwithstanding the foregoing, the Respondents will admit the finding of fact and conclusions of law for the purposes of exceptions to discharge in bankruptcy proceedings under any jurisdiction, including the proceedings set forth Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

Respondents hereby acknowledge that, in exchange for Respondents' voluntary consent and agreement to cease and desist from further violations of Ch. 551, the revocation of certain exemptions, restitution, penalties and other conditions as described in the attached Final Order, the Division agrees to resolve this matter by issuance of the attached Order. Subject to Respondents' compliance with the attached Order, the Division agrees to forgo further legal action, including injunction proceedings in a circuit court pursuant to Wis. Stat. § 551.603. If Respondents fail to comply with any condition or term of the Final Order, the Division reserves all rights under the law to enforce the Final Order against the Respondents.

The undersigned Respondents understand and agree that the attached Final Order shall prohibit the Respondents from transacting any securities business in the State of Wisconsin, effective on the date the Final Order is issued. The undersigned Respondents understand the Final Order, when signed by the Administrator of the Division of Securities, is effective on the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.

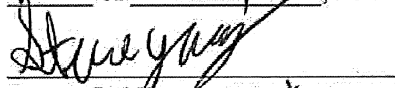
The undersigned Respondent THOMAS VAUGHN DEMERGIAN confirms that he is authorized to sign this waiver and consent form on his own behalf and on behalf of INSIGHT WEALTH MANAGEMENT.

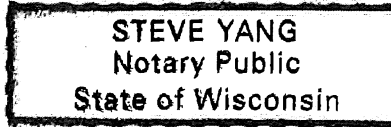


THOMAS VAUGHN DEMERGIAN,
individually and on behalf of INSIGHT
WEALTH MANAGEMENT.

State of Wisconsin)
County of Dane)
Subscribed before me this

21st of May, 2024.


Notary Public Steve Yang



My commission is permanent/expires

12-25-27



State of Wisconsin
Department of Financial Institutions

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

- 1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Attorney Mark Maciolek on behalf of Thomas Vaughn Demergian and Insight Wealth Management at his last known business address of Murphy Desmond, 33 East Main St, Suite 500, Madison, WI 53703:
i. A copy of the Final Order by Consent to Cease and Desist, Revoking Exemptions, Barring Registration and Imposing Restitution and Penalties, Waiver and Consent; DFI Case No. S-246765 (LX); and
ii. A copy of this Affidavit of Service.
3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi

KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 23 day of May, 2024.

Laura L. Jirsa
Notary Public, State of Wisconsin

My commission expires 7-1-25

(Notary Seal)

