

**THE DISCIPLINARY AND ETHICS COMMISSION
CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**

In the Matter of

Dean C. Tellone,



Respondent.

CFP Board Case No. 2021-63042

August 20, 2025

ORDER

I. PROCEDURAL HISTORY

Certified Financial Planner Board of Standards, Inc. (“CFP Board”) granted Respondent the right to use the CFP[®], CERTIFIED FINANCIAL PLANNER[®],  and  certification marks (“CFP marks”) on September 12, 1988, and he was certified until January 31, 2023 when he relinquished his certification. (DEC Book at 61-62.)¹

On June 18, 2024 Enforcement Counsel filed a Complaint with CFP Board’s Disciplinary and Ethics Commission (“Commission”) alleging that Respondent violated CFP Board’s *Rules of Conduct*. (*Id.* at 3-10.) On September 20, 2024, Enforcement Counsel filed an Amended Complaint. The Amended Complaint alleges that there are grounds to sanction Respondent for violating Rule 6.5 and Rule 4.3 of the *Rules of Conduct* for his role in a fraudulent scheme involving an investment fund his advisory firm managed. The Amended Complaint cites a consent judgment entered November 21, 2023 by a federal court in California in a case brought by the Securities and Exchange Commission against Respondent (“Consent Judgment”), and a January 16, 2024 order issued by the SEC barring him from the securities industry. (“SEC Order.”). (*Id.*)

Respondent filed an answer to the Amended Complaint on October 22, 2024 denying all of its substantive allegations. (DEC Book at 142-152.)

On February 26, 2025, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened in person to hear testimony, and to review and consider documents, information, and argument relevant to the Complaint. (Transcript of Hearing of Dean Tellone, February 26, 2025 (“Tr.”) at 1.) Enforcement Counsel appeared for CFP Board; DEC Counsel appeared for the Commission and for the hearing panel; Respondent appeared on his own behalf.

¹ The DEC Book and any other exhibits to this Order will not be published under Article 17.7 of the *Procedural Rules*.

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II. FINDINGS OF FACT

A. Background

Respondent has passed the (a) Series 7 – General Securities Representative Examination (1998); (b) Series 63 – Uniform Securities Agent State Law Examination (1998); (c) Series 65 – Uniform Investment Advisor Law Examination (2001); and (d) SIE – Securities Industry Essentials Examination (2018). (*Id.* at 21.)

Respondent was the president, founder, and sole owner of Tellone Management Group, Inc. (“TMG”) and was registered as an investment adviser representative in California and Texas. Respondent was a member of TMG’s loan committee and investment committee. (*Id.* at 3,7.)

Respondent sold TMG in 2022 and retired; he no longer acts in any investment adviser capacity. (Tr. at 18-19.) He continues to participate in his firm’s accounting practice as a tax preparer and says that he was defending this disciplinary action as a means of maintaining his reputation. (Tr. at 42-43.)

B. The SEC Complaint, Consent Judgment and SEC Order

The Consent Judgment resolved a civil action the SEC filed against Respondent in 2021 (the “SEC Complaint.”) The SEC Complaint alleged that Respondent engaged in a fraudulent course of conduct from 2015 to August 2021 and that he breached his fiduciary duty to TMG’s advisory clients and to investors in TMG’s largest fund, the Tellone Mortgage Fund (“TMF”). (DEC Book at 79.)

The SEC Complaint alleged that Respondent and TMG withheld material information from TMG’s clients and TMF’s investors and from two successive audit firms to hide a significant loss in TMF that directly impacted its reported returns on investments. For years, Respondent allegedly concealed a secret side agreement that created an actual conflict of interest between himself and the TMF investors, many of whom were his TMG advisory clients. (DEC Book at 79.)

Specifically, the SEC Complaint alleged as follows:

In 2015, TMF's financial statements were audited for the first time. When the auditors inquired about the valuation of a \$1 million loan for which payment had not been received for several years, Respondent and [a co-defendant] misled the auditors about the loan's status. The loan had been issued to Respondent’s decades-long friend [] and his wife through their family trust. The loan was discharged and its collateral foreclosed upon in [the friend’s] personal bankruptcy proceeding in 2012.

Respondent took a series of steps to distort the status of the discharged loan in an attempt to hide the substantial decrease to TMF’s rate of return for fiscal year 2014

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that would have resulted from writing off the friend's loan. Respondent also directed [his friend] to falsely confirm to the auditors that the loan was still outstanding. Respondent and [a co-defendant] then presented the auditors with a backdated letter from [the friend] that falsely implied that the discharged loan was collateralized. As a result of the scheme, TMF's financial statements provided to investors falsely reported a 3.1% return on investment for 2014. Had the bankruptcy discharge been disclosed and the loan written down accordingly, TMF would have instead reported a 1.6% return.

To induce [his friend] to continue to help with his deception, Respondent then had TMF issue the family trust a new \$1 million loan to buy an apartment building of equal value, while the parties purported to modify the discharged loan to a zero-interest, no-maturity loan and re-collateralize it by a second mortgage deed on the apartment building. But in a side agreement that Respondent concealed from the auditors, TMF's loan files and TMG's compliance personnel, Respondent agreed to personally guarantee the new loan; to indemnify and reimburse [the friend] for the discharged loan expenses; and, upon the sale of the apartment building, to write off the balance of the discharged loan and split the profits between [the friend] and TMF in contravention of the written terms of the loan- namely, that if and when the borrower sells the property, the entire debt is due. Respondent and TMG failed to disclose that, through the side agreement, Respondent put his interests in conflict with those of TMF investors and TMG's clients.

TMF's financial statements from 2015-2019 never disclosed the side agreement- nor the conflict of interest. In addition, TMF's offering documents and TMG's relevant Forms ADV never disclosed the conflict of interest posed by the side agreement. TMG continued to collect its management fees on the discharged loan, which remained on its balance sheet, amounting to over \$110,000 from at least 2012 through 2020. By collecting the fees on the discharged loan and issuing a new \$1 million loan to his friend in furtherance of the scheme, Respondent and TMG misused TMF's assets, operating as a fraud on TMF.

By their conduct: Respondent and TMG violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; Section 17(a) of the Securities Act; and Sections 206(1)-(2) and 207 of the Advisers Act; TMG violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder; and Respondent aided and abetted TMG's violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder and Respondent aided and abetted TMG's violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

(DEC Book at 79 -81 (IAPD disclosure).)

The Consent Judgment, entered on November 20, 2023, permanently restrained and enjoined Respondent from (i) violating Section 17(a) of the Securities Act of 1933; (ii) violating, directly

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or indirectly, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5; and (iii) violating, directly or indirectly, Sections 206(1) and (2), 206(4) (and Rule 206(4)-7 thereunder), and 207 of the Advisers Act. The Consent Judgment held Respondent jointly and severally liable for disgorgement of \$110,000.00, representing net profits gained from the management fees TMG collected on the discharged loan, and required that Respondent pay a civil penalty in the amount of \$200,000.00. (DEC Book at 81.)

Under 15 U.S.C. §78u(d), a federal district court may impose injunctive relief and civil penalties “upon a proper showing” that this relief is warranted based on the federal securities law violations alleged, and may require disgorgement of any unjust enrichment received as a result of such violations.² That all three forms of relief were imposed in the Consent Judgment establishes that Respondent engaged in securities law violations for purposes of this proceeding before the Commission.

The SEC Order, issued on January 16, 2024, made factual findings substantially similar to the allegations of the SEC Complaint. The SEC Order permanently barred Respondent from the securities industry by consent. (DEC Book at 71-74; 141.)

III. DISCUSSION

To impose a sanction on Respondent, the Commission must find grounds for a sanction. Under Article 12 of the *Procedural Rules*, the Commission found grounds for a sanction based on Respondent’s violations of CFP Board’s *Rules of Conduct*.

Respondent was a CFP® professional at all times relevant to the grounds for sanction below.

² 15 U.S.C. §78u(d) states, in relevant part:

(1) Whenever it shall appear to the [SEC] that any person is engaged or is about to engage in acts or practices constituting a violation of any provision of this chapter. . . , it may in its discretion bring an action in the proper district court of the United States to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. . . .

(3) **CIVIL MONEY PENALTIES AND AUTHORITY TO SEEK DISGORGEMENT —**

(A) Authority of commission.—Whenever it shall appear to the [SEC] that any person has violated any provision of this chapter, the rules or regulations thereunder, or a cease-and-desist order entered by the [SEC]. . . , the [SEC] may bring an action in a United States district court to seek, and the court shall have jurisdiction to—

- (i) impose, upon a proper showing, a civil penalty to be paid by the person who committed such violation; and
- (ii) require disgorgement under paragraph (7) of any unjust enrichment by the person who received such unjust enrichment as a result of such violation.

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First Grounds for Sanction

Rule 6.5 of the *Rules of Conduct* states that a certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Article 7.2 of the *Procedural Rules* provides that a record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, (c) other regulatory authority, or (d) court of civil jurisdiction imposing discipline upon Respondent (“Professional Discipline”) is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline. The fact that Respondent has not admitted or denied the findings contained in the record does not affect the conclusiveness of the proof. Professional Discipline includes a censure, injunction, undertaking, order to cease and desist, fine, suspension, bar, or revocation, and the surrender of a professional license or certification in response to a regulatory action or regulatory investigation. A record of Professional Discipline includes a settlement agreement, order, consent order, and Letter of Acceptance, Waiver, and Consent (“AWC”).

The SEC is a federal governmental agency, the SEC Order is a record of Professional Discipline by the SEC, and Respondent is the subject of that record. Therefore, the SEC Order conclusively establishes the existence of Professional Discipline for purposes of this disciplinary proceeding and is conclusive proof of the facts and violations that serve as the basis for such Professional Discipline of Respondent.

The SEC Order conclusively proves that Respondent, by agreement, was barred from association with any broker, dealer, investment adviser, municipal securities dealer municipal advisor, transfer agent or nationally recognized statistical rating organization. (DEC Book at 141.) Respondent’s permanent bar by the SEC upon allegations that Respondent misled auditors and engaged in a fraudulent scheme to cause (i) material omissions or misstatements in TMF’s financial statements and offering documents and (ii) material omissions in TMG’s Forms ADV, reflects adversely on his integrity and fitness as a certificant, upon the CFP® marks, and upon the profession.

Therefore, there are grounds to sanction Respondent for a violation of Rule 6.5 of the *Rules of Conduct*.

Second Grounds For Sanction

The United States District Court for the Central District of California is a court of civil jurisdiction, the Consent Judgment is a record of Professional Discipline by that court, and Respondent is the subject of that record. Therefore, the Consent Judgment conclusively establishes the existence of Professional Discipline for purposes of this disciplinary proceeding and is conclusive proof of the facts and violations that serve as the basis for such Professional Discipline of Respondent.

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Under Article 7.2 of the *Procedural Rules*, the Consent Judgment conclusively establishes that Respondent was enjoined from violating the securities laws, ordered to pay a civil penalty of \$200,000, and held jointly and severally liable for disgorgement of \$110,000 in management fees. The imposition of this Professional Discipline, ordered by a federal court under 15 U.S.C. §78u(d) based on federal securities law violations alleged by the SEC, establishes that Respondent has engaged in conduct that reflects adversely on his integrity or fitness as a certificant, upon the CFP® marks, or upon the profession.

Therefore, there are grounds to sanction Respondent for a violation of Rule 6.5 of the *Rules of Conduct*.

Third Grounds for Sanction

Rule 4.3 of the *Rules of Conduct* states that a certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client.

Under Article 7.2 of the *Procedural Rules*, the Consent Judgment conclusively establishes Respondent was enjoined from violating the federal securities laws, and ordered to pay a civil penalty and disgorgement of unjust enrichment, based on securities law violations alleged by the SEC.

Therefore, there are grounds to sanction Respondent for a violation of Rule 4.3 of the *Rules of Conduct*.

IV. THE COMMISSION'S DECISION

Under Article 12.3 of CFP Board's *Procedural Rules*, the Commission's final order must impose a sanction if the Commission finds a violation that warrants a sanction. The Commission has discretion to order a sanction among those applicable sanctions set forth in Article 11.1.

CFP Board has issued non-binding *Sanction Guidelines* intended to serve as guidance for determining appropriate sanctions. The Commission considered the following conduct (and recommended sanction) from the *Sanction Guidelines*:

Conduct 29: Revocation of a Financial Professional License (Revocation)

The Commission finds no mitigating factors.

The Commission finds the following aggravating factors:

1. Respondent's testimony was not credible and conflicted with his written answers.
2. Respondent denied any wrongdoing and did not appreciate how his misconduct reflected badly on the CFP® marks.

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3. Respondent has prior professional discipline, a May 5, 2017 SEC Censure, Cease and Desist Order and \$25,000 fine for “allocating profitable day trades in a manner that was sometimes inconsistent with TMG’s disclosure to clients.” (DEC Book at 77.)

In consideration of the violations found and the aggravating factors, the Commission issues this Order imposing a **Permanent Bar** on Respondent. Respondent is permanently prohibited from applying for or obtaining CFP® certification.

SO ORDERED:

Disciplinary and Ethics Commission
CFP Board