

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

In Re: ACCOUNT MANAGEMENT,)
CHRISTOPHER DE ROETHH, and)
PETER DE ROETHH) 19-069-S

STIPULATION AND CONSENT ORDER

The Vermont Department of Financial Regulation (the Department), Account Management, Christopher De Roethh, and Peter De Roethh, (“Respondents”), hereby agree and stipulate as follows:

Introduction and Parties

1. The Department, through its Commissioner, pursuant to 9 V.S.A §§ 5602 and 5604, is charged with enforcing the securities laws of Vermont.
2. Account Management LLC is a Massachusetts limited liability company with its principal place of business in Boston, Massachusetts, registered with the SEC as an investment adviser firm.
3. Christopher de Roethh is a registered investment adviser representative and a principal of Account Management LLC. He is a resident of Duxbury, Massachusetts.
4. Peter de Roethh, one of the founders of Account Management, is a retired investment adviser representative and a resident of New Boston, New Hampshire.

Findings of Fact

5. Account Management and Christopher de Roethh are registered with the Department’s Securities division as investment advisers.
6. Peter de Roethh is not now and has never been registered with the Department’s securities division in any capacity.

7. “Jane Doe,” a Vermont resident, was during the relevant time period, a client of Account Management. Since in or about October 2015, she has been a resident of the memory care unit at the Wake Robin elder care facility in Shelburne, Vermont.

8. During the relevant time period, both Peter and Christopher de Roethth gave Jane Doe investment advice relative to certain assets under the management of Account Management.

9. In 2013, with the assistance of her estate planning counsel, Jane Doe revised her estate plan. She established a will, a revocable trust, and a power of attorney. Christopher de Roethth witnessed these documents. Ms. Doe subsequently established a number of educational trusts for her nieces and nephews, which with one exception remain under Account Management’s management.

10. The revocable trust provided that upon Ms. Doe’s death, 90% of the trust assets would pass in equal shares to three individual beneficiaries, two of whom were family members and the third a close friend. The remaining 10% would pass outright to a charity client favored by Ms. Doe (the “Charity Client”). The trust would then terminate. The Charity Client was also a client of Account Management.

11. In March 2014, Ms. Doe funded the revocable trust with most of the assets held with Account Management, with a valuation then of approximately \$30 million. Throughout 2014, she received ongoing advice from the de Roethths regarding the securities in the revocable trust.

12. In January 2015, the de Roethths and Ms. Doe discussed a possible amendment of the revocable trust agreement and Ms. Doe was provided a proposed amendment for her

review. In pertinent part, the proposed amendment would have required that the trust assets remain in trust for 20 years after Ms. Doe's death and retained the language set forth in the 2013 trust requesting that any future trustees retain Account Management as an investment adviser. Ms. Doe did not sign the proposed amendment.

13. In October 2015, Peter de Roeth visited with Ms. Doe on two occasions to advise Ms. Doe about increasing her gift to the Charity Client; he suggested she do so by increasing the share of trust assets to be distributed to the Charity Client. Ms. Doe took no action in response to these suggestions at that time.

14. Approximately one month later, at the request of Account Management, Ms. Doe's estate planning counsel prepared a second draft amendment to the revocable trust (the Second Amendment). The purpose of this amendment was to make a major long-term gift to the Charity Client, and its language provided that any assets in the revocable trust not distributed outright upon Ms. Doe's death be kept in trust for an additional 20 years for the benefit of the Charity Client. The amendment further provided that the revocable trust "shall be managed" by Account Management for the entire 20- year period, provided Account Management remained in good standing as a registered investment adviser. Ms. Doe did not immediately sign the Second Amendment.

15. On December 14, 2015, Ms. Doe's niece emailed Respondents to advise them Ms. Doe had been diagnosed with senile dementia. The email referenced Ms. Doe's short-term memory loss and specifically requested that Respondents include family members in any future financial discussions. Ms. Doe's niece was a beneficiary of the revocable trust.

16. On December 31, 2015, Ms. Doe's attorney sent a letter to Ms. Doe's niece stating his opinion that Ms. Doe wanted to significantly increase her gift to the Charity Client.

17. Just over one month later, on January 27, 2016, without advising Ms. Doe's family or obtaining further instructions as to Ms. Doe's wishes, Peter de Roethh, together with Ms. Doe's estate planning attorney, traveled to the elder care facility for the purpose of having Ms. Doe sign the Second Amendment. During the visit, in the presence of her estate planning attorney, Ms. Doe signed the Second Amendment. No member of Ms. Doe's family was present. The Second Amendment increased from 10% to 85% the assets to be distributed to the Charity Client and provided that the assets "shall be managed" by Account Management for 20 years after Ms. Doe's death, thereby ensuring substantial fees would be paid to Account Management into the future.

18. The following day, Ms. Doe did not remember signing the document and was unaware she had changed the disposition of her assets. She told her social worker she had been scammed.

19. After investigation, on July 19, 2019, the SEC entered a Cease and Desist Order, Release No. 5305 (the SEC Order) imposing financial penalties, censure, and other sanctions upon Account Management, Christopher de Roethh, and Peter de Roethh for the above-described conduct.

Conclusions of Law

20. Pursuant to 9 V.S.A. §§ 5602 and 5604, the Commissioner is charged with enforcing the Securities laws of the State of Vermont.

21. Pursuant to 9 V.S.A. § 5412(d)(12) a person who is the subject of an SEC Order to Cease and Desist may be disciplined by the Commissioner.

22. Because Respondents were the subject of the SEC Order, they are subject to 9 V.S.A. § 5412(d)(12).

23. It is a violation of 9 V.S.A. § 5501(3) for a person to engage in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.

24. Respondents violated 9 V.S.A. § 5501(3).

25. Pursuant to 9 V.S.A. § 5604, the Commissioner may enter orders to enforce the securities laws of the State of Vermont and may impose administrative penalties for violations of those laws. The Commissioner may also pursue civil remedies in court. 9 V.S.A. § 5603. Pursuant to 9 V.S.A. § 5603(b)(2)(C), the Court may impose an additional penalty for each violation which involves a vulnerable adult as defined in 33 V.S.A. § 6902(14).

26. At all times relevant herein, Ms. Doe has been a vulnerable adult within the meaning of 33 V.S.A. § 6902(14).

Consent Order

27. If Respondents fail or neglect to comply with any of the terms and conditions set forth in this Stipulation and Consent Order, the Department may, on written notice to Respondents, institute any legal or administrative proceedings it deems appropriate to enforce the Agreement and to seek such other appropriate sanctions, and Respondents shall consent to the entry of judgment for any unpaid balance.

28. Respondents shall pay administrative penalties to the Department, as follows:

- a. Account Management shall pay a fine of \$80,000 within ten business days of the entry of this Stipulation and Consent Order
- b. Christopher de Roeth shall pay a fine of \$10,000 within ten business days of the entry of this Stipulation and Consent Order.

- c. Peter de Roethth shall pay a fine of \$ 10,000 within ten business days of the entry of this Stipulation and Consent Order

29. Respondent Peter de Roethth agrees not to apply for any securities registration in Vermont and shall not conduct any activities in Vermont which would require securities registration.

30. Neither Christopher de Roethth nor Account Management shall accept any new clients or accounts in Vermont.

31. Nothing in this Stipulation and Consent Order shall be construed as limiting the Commissioner's authority to investigate Respondents for matters not resolved by this Stipulation and Consent Agreement or unrelated matters.

32. Nothing in this Stipulation and Consent Order is intended to subject Respondents to statutory disqualification by FINRA.

33. Respondents acknowledge that this Stipulation and Consent Order constitutes a finding by the Commissioner that Respondent has violated Vermont law as set forth above and agrees not to contest such findings.

34. Respondents acknowledge that noncompliance with any term of this Stipulation and Consent Order shall constitute a violation of a lawful order of the Commissioner.

35. Respondents have agreed to enter into this Stipulation and Consent Order with the Department on the terms and conditions set forth herein in lieu of proceeding with a hearing and agree not to contest their validity in the event of any future administrative or judicial action by or involving the Department or another state or federal regulator. Respondents acknowledge that the findings of fact, conclusions of law, and claim amounts set forth herein

shall be binding on them in any subsequent proceeding which may be filed by any of them under Title 11 of the United States Code.

36. Respondents consent to entering into this Stipulation and Consent Order and acknowledge their consent is given freely and voluntarily and that no promise has been made to induce them to consent except as otherwise stated herein.


37. Respondents acknowledge that they have been represented by counsel in this matter and voluntarily waive their right to a hearing and to judicial review of this matter, including their right to a hearing before the Commissioner or his designee and all other procedures otherwise available under Vermont law, the rules of the Department, and the provisions of Title 3, Chapter 25.

38. Respondents further acknowledge the Commissioner retains jurisdiction over this matter for purposes of enforcing the Stipulation and Consent Order.

39. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.

40. Respondents acknowledge their understanding of all terms, conditions, and obligations contained in the Stipulation and Consent Order and further acknowledge that should they fail to comply with any provision of the Stipulation and Consent Order, the Commissioner may seek to impose additional sanctions and seek appropriate relief, subject to Respondent's right to a hearing pursuant to Vermont insurance laws.

Date: MARCH 4, 2020



Christopher de Roeth

Date: MARCH 4, 2020

Account Management, LLC
By: 

Duly Authorized Agent

Date: 3/3, 2020

Peter de Roeth
Peter de Roeth

Entered at Montpelier, Vermont this 6th day of March 2020.

Michael S. Pieciak

Michael S. Pieciak, Commissioner
Vermont Department of Financial Regulation