

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE: COLOMONT, INC.)	DOCKET NO. 21-050-S
)	
and CHRISTOPHER SANTEE)	
)	

SHOW CAUSE ORDER

The Vermont Department of Financial Regulation (the “Department”), upon due consideration of the subject matter hereof, enters the following show cause order.

I. JURISDICTION

1. The Commissioner of Financial Regulation is responsible for administering and enforcing the securities laws of the State of Vermont and is authorized to investigate securities activities to determine compliance with Vermont law and to issue orders imposing administrative penalties and remedial actions pursuant to 8 V.S.A. §§ 10-13 and 9 V.S.A. §§ 5601-14.

2. Pursuant to 9 V.S.A. § 5604(a)(1), the Commissioner may issue orders or directives to any person to cease and desist from specific conduct or to take other action necessary or appropriate if the Commissioner finds that the person has engaged, is engaging, or is about to engage in an act, practice, or course of business which constitutes a violation of the Vermont Uniform Securities Act, spanning 9 V.S.A. § 5101 to § 5616, or of the Vermont Securities Regulation.

3. Pursuant to 9 V.S.A. § 5604(a) and (d), the Commissioner may impose an administrative penalty of up to \$15,000 for each violation of the Vermont Uniform Securities Act and the Vermont Securities Regulation and may require restitution and the disgorgement of any sums obtained in conjunction with such violations.

4. Pursuant to 9 V.S.A. § 5614, the Commissioner may require that any person subject to an investigation pay the reasonable costs incurred by the Department in conducting such investigation.

5. Pursuant to 9 V.S.A. § 5604(b) and Section 13 of the Vermont Department of Financial Regulation (formerly known as the Vermont Department of Banking, Insurance, Securities and Health Care Administration) Hearing Procedures, Regulation 82-1, the Commissioner may issue orders without prior notice or opportunity to be heard.¹

II. FINDINGS OF FACT

6. Colomont, Inc. (“Colomont”) is a Vermont corporation with a principal place of business in Saint Albans, Vermont whose principal business is developing and selling cannabidiol (“CBD”) and CBD-infused products.

7. Christopher Santee is a resident of Vermont and the founder, Director, and Chief Executive Officer of Colomont.

8. From approximately April 2018 to October 2020, shares in Colomont were advertised and sold to the public using, at a minimum, personal communications with Christopher Santee and Colomont’s website.

9. Between approximately April 2018 and October 2020, Colomont raised more than \$400,000 from the sale of its shares to more than 350 individuals.

10. At no time have Colomont’s shares been registered with the Vermont Department of Financial Regulation.

¹ Regulation 82-1 will be replaced with the Vermont Department of Financial Regulation Administrative Procedures, effective January 1, 2022, with Section 1.04(O) replacing the current Section 13.

11. To date, Colomont and Christopher Santee have not offered refunds to all Colomont shareholders or provided them an opportunity to sell their unregistered shares back to Colomont.

III. CONCLUSIONS OF LAW

12. Pursuant to 9 V.S.A. § 5102(28), the term “security” includes notes, stocks, investment contracts, evidence of indebtedness, and related types of participation in profit-sharing agreements.

13. Pursuant to 9 V.S.A. § 5301, “[i]t is unlawful for a person to offer or sell a security in this State unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under sections 5201 through 5203 of [Chapter 150]; or (3) the security is registered under [Chapter 150].”

14. The shares in Colomont that were sold to the public are securities as defined in 9 V.S.A. § 5102(28).


15. The shares in Colomont that were sold to the public are neither federally covered securities nor securities exempt from registration.

16. By failing to register Colomont shares with the Department, Colomont and Christopher Santee violated, at a minimum, 9 V.S.A. § 5301 and related provisions of Vermont securities laws establishing filing and reporting requirements aimed at protecting the public, such as the filing of a prospectus which provides detailed company financial information to prospective shareholders and the filing of all advertisements which are prohibited from containing false and misleading information.

IV. ORDER

17. Based on the findings of fact and conclusions of law set forth above, it is hereby ordered that Colomont and Christopher Santee show cause to the Commissioner, within forty-five (45) days of the date of this Order, why an order should not be entered by the Commissioner incorporating at a minimum the findings and conclusions set forth above and directing Respondents to pay restitution and meet such other terms and conditions as the Commissioner deems appropriate, including, but not limited to, imposition of an administrative penalty of up to \$15,000 per violation.

Dated at Winooski, Vermont this 22nd day of December 2021.

By: 
Michael S. Pieciak
Commissioner of Financial Regulation
Vermont Department of Financial Regulation