

**STATE OF VERMONT  
DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND  
HEALTH CARE ADMINISTRATION  
SECURITIES DIVISION**

<b>IN THE MATTER OF</b>	)	<b>DOCKET NO. 10-002-S</b>
	)	
<b>Lincoln Financial Securities Corporation,</b>	)	<b>ADMINISTRATIVE</b>
<b>Respondent</b>	)	<b>CONSENT ORDER</b>
	)	
	)	
	)	

The Commissioner of the Vermont Department of Banking, Insurance, Securities & Health Care Administration (the “Commissioner”), being responsible for administering and enforcing Vermont law as it pertains to securities and, through her lawful designee, having investigated Respondent in connection with violations of 9 V.S.A. Chapter 150 (the “Vermont Uniform Securities Act” or “VUSA”), has determined to impose administrative sanctions upon Lincoln Financial Securities Corporation (“Respondent”) to resolve the above captioned matter, to which Respondent does stipulate and consent, all as set forth below.

**JURISDICTION**

Respondent admits the jurisdiction of the Commissioner and expressly consents to the entry by the Commissioner of this Order Imposing Administrative Sanctions and Consent to Same (“Consent Order”). Respondent agrees and elects to permanently waive its right to a hearing and appeal before the Commissioner or her designee, and all other procedures otherwise available under the VUSA; 3 V.S.A., Chapter 25, the Vermont Administrative Procedure Act; the rules, regulations, and order of the Commissioner, or any right it may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the Consent Order.

Respondent neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Consent Order (except as to jurisdiction), and waives compliance with the provisions of 3 V.S.A. Chapter 25 regarding contested cases. In addition, Respondent recognizes, accepts and agrees that a condition of the Consent Order is that Respondent may not take any action, or make or permit to be made any public statement, including any statement in regulatory filings or otherwise, that denies, directly or indirectly, any allegation in this Consent Order or creates the impression that the Consent Order is without factual basis. Nothing in this provision affects Respondent's: (i) testimonial obligations in the context of compulsory testimony; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party.

#### **FINDINGS OF FACT**

1. Respondent is a broker-dealer registered with the Financial Industry Regulatory Authority, Inc. ("FINRA"), formerly known as NASD, with CRD # 3870, with a principal place of business at One Granite Place, Concord, NH, 03301-3258.
2. Respondent has been registered as a broker-dealer in Vermont since at least 1984.
3. Respondent employed individuals they designated as "Administrative Only Representatives" ("AOR") at one of the firm's Vermont locations. In some instances, these AORs engaged in certain activities that brought them within the definition of "agent" as defined under Vermont law.
4. Respondent's internal policy required these AORs to be registered as agents with FINRA.
5. These AORs were not registered as agents in Vermont,

## CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to the VUSA.
2. “Agent” is defined under the VUSA in 9 V.S.A. § 5102(1), which reads in pertinent part, as “an individual, other than a broker-dealer, who represents a broker-dealer in affecting or attempting to effect purchases or sales of securities....”
3. Under 9 V.S.A. § 5402(d), it is a violation of the VUSA for a broker-dealer engaged in transacting securities in Vermont “to employ or associate with an agent who transacts business in this state on behalf of broker-dealers ... unless the agent is registered” under the VUSA.
4. Respondent’s employment of the AORs, who were acting as agents in Vermont, but were not registered as agents in Vermont constitutes a violation of 9 V.S.A. § 5402(d).
5. 9 V.S.A. § 5604 authorizes the Commissioner to issue a final order imposing, in part, an administrative penalty, the costs of an investigation or proceeding, restitution or disgorgement, and a cease and desist order. In imposing any sanctions under Section 5604, the Commissioner is required to consider, among other things, three factors: (1) “the frequency and persistence of the conduct” (2) “the number of persons adversely affected by the conduct” and (3) “the resources of the person committing the violation.” 9 V.S.A. § 5604(e).

## ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commissioner issues the following Order:


1. Respondent shall pay back registration fees for the unregistered agents in the amount of Fifteen Hundred Dollars and No Cents (\$1500.00).

2. Respondent shall pay to the Securities Investor Education and Training Fund the amount of Two Thousand Dollars and No Cents (\$2000.00).
3. Respondent shall pay an administrative penalty to the Division in the amount of Six Thousand Dollars and No Cents (\$6000.00)
4. Respondent shall pay costs of investigation of this matter to the Division in the amount of Five Hundred Dollars and No Cents (\$500.00).
5. Respondent, within 10 days of the Commissioner signing and entering this Order, shall pay the foregoing amounts by tendering a check made payable to the Vermont Department of Banking, Insurance, Securities, and Health Care Administration.
6. Respondent shall comply with the VUSA and any successor act, and any rule promulgated by or order issued by the Commissioner.
7. Respondent's failure to comply with any term or provision of this Consent Order may constitute grounds for further administrative action by the Commissioner.

THIS ORDER SHALL become effective immediately upon the date set forth below.

BY ORDER OF THE COMMISSIONER

Entered at Montpelier, Vermont, this 15 day of January, 2010.

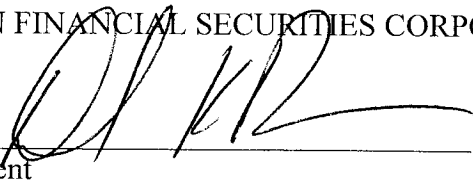
  
\_\_\_\_\_  
PAULETTE J. THABAULT, Commissioner  
Vermont Department of Banking, Insurance,  
Securities & Health Care Administration

**CONSENT BY LINCOLN FINANCIAL SECURITIES CORPORATION  
TO THE ENTRY OF AN ORDER BY THE COMMISSIONER IMPOSING  
ADMINISTRATIVE SANCTIONS AND WAIVER OF HEARING**

1. Respondent hereby admits the jurisdiction of the Commissioner over the subject matter of this proceeding, and solely with respect to this matter, knowingly and voluntarily waives any and all rights to a hearing before the Commissioner or her designee and all other procedures otherwise available under the VUSA, and any successor act, or the rules, regulations, and orders of the Commissioner. Respondent also waives compliance with the provisions of 3 V.S.A., Chapter 25 regarding contested cases with respect to this matter. Respondent acknowledges that this Consent Order constitutes a valid order duly rendered by the Commissioner.
2. Respondent voluntarily and knowingly waives any rights it may have to judicial review by any court by way of suit, appeal, or extraordinary remedy resulting from the issuance of the Consent Order.
3. Respondent acknowledges and agrees that the Consent Order is entered into freely and voluntarily and that no promise was made, nor was any coercion used, to induce the Respondent to enter into the Consent Order.
4. Respondent acknowledges its understanding of all terms, conditions, and obligations contained in the Consent Order and further acknowledges that should it fail to comply with any and all provisions of the Consent Order, the Commissioner may impose additional sanctions and seek other appropriate relief subject to the Respondent's right to a hearing pursuant to the VUSA and any successor act.
5. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law (except as to jurisdiction) contained in the Consent Order but consent to the issuance of this Consent Order and agrees to be fully bound by its terms and conditions.

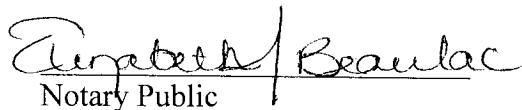
6. Respondent agrees that it shall not challenge the validity of the Findings of Fact and Conclusions of Law in any present or future administrative proceedings before the Commissioner or any other branch of state government concerning the denial or issuance of any license or registration required by the State in order to engage in the practice of any business or profession. Nothing in this provision affects Respondent's: (i) testimonial obligations in the context of compulsory testimony; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party.

LINCOLN FINANCIAL SECURITIES CORPORATION

By   
President

Date: January 8, 2010

BEFORE ME this 8<sup>th</sup> day of January, 2010, David K. Booth, personally appeared and acknowledges that he executed the foregoing Consent for the purposes therein contained, and that such act of signing is his free act and deed.

  
Notary Public

My Commission expires: \_\_\_\_\_

