

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

<b>IN THE MATTER OF</b>	)	
	)	<b>DOCKET NO. 10-028-S</b>
	)	
<b>Lisa M. Graves,</b>	)	<b>ADMINISTRATIVE CONSENT ORDER</b>
<b>Respondent</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 enter into an administrative consent order with Lisa M. Graves (“Respondent”) to resolve the above captioned matter, to which Respondent does stipulate and consent, all as set forth below.

**JURISDICTION**

Respondent, an agent, CRD # 1722594, 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 her 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 she 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. This Consent Order is entered solely for the purpose of resolving the referenced investigation, and is not intended to be used for any other purpose, and its findings and conclusions shall not constitute admission on the part of Lisa Graves. 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. During times relevant to this matter, Respondent was previously registered in Vermont as an agent with CRD # 1722594.
2. During times relevant to this matter, Respondent was registered as an agent with Cadaret, Grant & Co., Inc. ("Cadaret Grant"). Cadaret Grant is a broker-dealer registered in Vermont under CRD # 10641.
3. Respondent maintained an office at 293 Main Street, Winooski, Vermont, 05404.
4. Respondent was supervised by Burton J. Steen, a broker-dealer agent registered in Vermont under CRD # 1722594, and an Office of Supervisory Jurisdiction ("OSJ") for Cadaret Grant.

5. Based upon document reviews of the files of Respondent and Mr. Steen, and interviews of both individuals, the Commissioner found that:

a. Cadaret Grant compliance examinations in 2003, 2004, and 2005 of Respondent's OSJ location noted her failure to collect the required suitability information regarding transactions of variable annuity products.

b. Respondent, in some instances, used her personal email for business purposes. Her email was not part of the CG corporate email server to conduct business and client communication. This contravened Cadaret Grant supervisory procedures.

c. Respondent's email and facsimile communications with clients, in some instances, did not contain required disclosure information.

d. Respondent's letterhead failed to disclose the address and telephone number of either the OSJ location or the home office of Cadaret Grant. This deficiency was noted in Cadaret Grant's 2004 audit letter regarding Respondent's office.

e. Respondent, in some instances, failed to maintain a correspondence file. OSJ Steen, in the Satellite Office Examination Summary that he completed in July 2006, acknowledged that Respondent was not maintaining the required separate correspondence file.

f. Respondent, in some instances, failed to maintain a complaint folder, a transaction blotter, and a securities/checks received blotter at her business location. OSJ Steen noted these deficiencies to Respondent in his compliance reviews of her satellite office in 2006, but there is no written documentation that OSJ Steen directed Graves to remedy these deficiencies.

6. OSJ Steen failed to adequately supervise Respondent regarding the matters set forth above, and as a result was recently sanctioned through Administrative Consent Order, Docket No. 10-003-S.

## CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to the VUSA.
2. 9 V.S.A. § 5412(c) authorizes the Commissioner to issue an order censuring, imposing a bar on, or imposing a civil penalty on a person registered under the VUSA for each violation, and recover the costs of investigation, if the order is in the public interest and is authorized under subdivisions (d)(1) through (6), (8), (9), (10), (12), or (13) of Section 5412(d).
3. Section 5412(d)(13) authorizes such action where a person has engaged in unethical practices in the securities business within the previous 10 years.
4. Commissioner Order 06-43-S, Exhibit 6.1, Section 3.23 defines an unethical practice to include violating any applicable fair practice or ethical standard promulgated by a self-regulatory organization approved by the SEC with respect to any customer, transaction, or business in Vermont.
5. Respondent's actions as set forth in Findings of Fact, Paragraph 5 above constitute violations of NASD Conduct Rule 2210 – Communications with the Public, and Conduct Rule 2211 – Institutional Sales Material and Correspondence.
6. The Commissioner concludes that Respondent's failure to comply with NASD Conduct Rules in turn constitutes a violation of Commissioner Order 06-43-S, Exhibit 6.1, Section 3.23 and 9 V.S.A. § 5412(d)(13).
7. 9 V.S.A. § 5412(g) authorizes the Commissioner to issue an order under subsections (b) and (c) of Section 5412 if the Commissioner provides appropriate notice to the person, an opportunity for hearing, and issues an order based upon findings of fact and conclusions of law in accordance with the provisions of the Vermont Administrative Procedure Act, contained in chapter 25 of Title 3 of the Vermont Statutes.

8. 9 V.S.A. §§ 5412 and 5604 both authorize the Commissioner to issue a final order imposing a civil penalty for any violation and the costs an investigation or proceeding. Section 5614 further authorizes the recovery of expenses. Section 5604 authorizes the imposition of 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).

9. In consideration of these factors and others, the evidence details several mitigating circumstances, most compelling of which are (i) Respondent’s lack of prior record of disciplinary action in over 10 years of practice in Vermont; (ii) the fact that no person seems to have been harmed by Respondent’s conduct; and (iii) Respondent’s cooperation with the State of Vermont and willingness to comply with record-keeping, communication, and correspondence requirements.

## ORDER

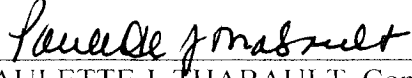
THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commissioner issues the following Order:

- A. This Order concludes the investigation by the Commissioner and any other action that the Commissioner could commence under applicable Vermont law on behalf of the State of Vermont as it relates to Lisa Graves with regard to the events set forth by the Commissioner in the “Findings of Fact.”
- B. Respondent shall pay an administrative penalty to the Division in the amount of Seven Hundred Dollars and No Cents (\$700.00).
- C. Respondent shall pay costs of investigation of this matter to the Division in the amount of Seven Hundred Dollars and No Cents (\$700.00).
- D. Respondent shall pay to the securities investor education and training special fund the amount of Six Hundred Dollars and No Cents (\$600.00).
- E. Respondent, within 10 days of the Commissioner signing and entering this Order, shall pay the foregoing amounts by tendering one check in the amount of Two Thousand Dollars and No Cents (\$2000.00) made payable to the Vermont Department of Banking, Insurance, Securities, and Health Care Administration.
- F. Respondent shall cease and desist from any violations of the VUSA and any successor act, and of any rule promulgated by or order issued by the Commissioner.
- G. 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 11 day of March, 2010.

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

**CONSENT BY LISA M. GRAVES 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. Respondent acknowledges that this Consent Order constitutes a valid order duly rendered by the Commissioner.
2. Respondent voluntarily and knowingly waives any rights she 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 her understanding of all terms, conditions, and obligations contained in the Consent Order and further acknowledges that should she 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 Respondents' 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 consents to the issuance of this Consent Order and agrees to be fully bound by its terms and conditions.
6. Respondent agrees that she 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.

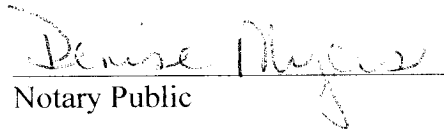


Nothing in this provision affects Respondent's: (i) testimonial obligations in the context of compulsory testimony; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party.

  
\_\_\_\_\_  
Lisa M. Graves

Date: 3/4/10, 2010

BEFORE ME this 4<sup>th</sup> day of March 2010, Lisa M. Graves,  
personally appeared and acknowledges that she executed the foregoing Consent for the  
purposes therein contained, and that such act of signing is her free act and deed.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 2/19/11

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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.

\_\_\_\_\_  
Lisa M. Graves

Date: \_\_\_\_\_, 2010

BEFORE ME this \_\_\_\_ day of \_\_\_\_\_ 2010, Lisa M. Graves,  
personally appeared and acknowledges that she executed the foregoing Consent for the  
purposes therein contained, and that such act of signing is her free act and deed.

\_\_\_\_\_  
Notary Public

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