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	)	
DEPARTMENT OF FINANCIAL	)	
REGULATION	)	
MOVANT,	)	
	)	DOCKET NO. 17-018-S
v.	)	
	)	
RODNEY WINTHROP THOMPSON and	)	
WINTHROP INVESTMENT MGMT CO.	)	
	)	
RESPONDENTS.	)	
	)	

**ORDER**

Based on the Motion of the Department of Financial Regulation, through its Securities Division, pursuant to 8 V.S.A. § 13 and 9 V.S.A. § 5604, for an Order enforcing the Commissioner’s Order dated July 6, 2017 (the Order), and after a hearing, the Commissioner hereby makes the following findings of fact and conclusions of law and enters the following Order:

**FINDINGS OF FACT**

1. On September 19, 2019, the Department filed a Motion to Enforce (the Motion) an Order dated July 6, 2017 requiring Respondent, among other things, to make certain payments to the Department.
  
2. Respondent timely requested a hearing, and the matter was referred to hearing officer Robert Simpson, Esq., designated by the Commissioner to conduct a hearing and to make findings of fact and a recommended order as to penalties.

3. Respondent did not contest the Department's allegations that he had failed to make certain payments due under the July 6, 2017 Order.

4. Final hearing on the merits was held on December 4, 2019, and the hearing officer issued his recommended Findings and Penalty Proposal on December 9, 2019. See Exhibit A.

5. I hereby adopt the hearing officer's findings of fact in their entirety.

#### **COMMISSIONER'S AUTHORITY**

6. Pursuant to 9 V.S.A. § 5601, the Commissioner is charged with enforcing the securities laws of the State of Vermont. Pursuant to 9 V.S.A. § 5604, the Commissioner is authorized to enforce his prior orders, and pursuant to §5604(d), to impose a civil penalty of up to \$15,000 per violation of a prior order.

#### **CONCLUSIONS OF LAW**

7. By failing to make payments due under the July 6, 2017 Order, Respondent violated 8 V.S.A. §5604.

8. Pursuant to 8 V.S.A. §5604(d), the Commissioner is authorized to impose civil penalties of up to \$15,000 per violation.

#### **ORDER**

9. The Findings and Proposed Penalties issued by Hearing Officer Robert Simpson, attached as Exhibit A, are adopted in their entirety.

10. The Motion is GRANTED. Respondent is hereby ORDERED to pay the sum of \$3750 due under the July 6, 2017 Order, plus a penalty of \$7500, on or before April 1, 2020.

11. Should Respondent fail to make all payments required in ¶ 10 on or before April 1, 2020, the penalty shall increase to \$15,000.

12. Any amount due under this Order shall be considered untimely and subject to civil enforcement if not received by the Department on or before April 1, 2020.

Entered at Montpelier, Vermont this 6<sup>th</sup> day of January 2020



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Michael S. Pieciak, Commissioner  
Vermont Department of Financial Regulation

STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION



DEPARTMENT OF FINANCIAL REGULATION

v.

DOCKET NO 17-018-S

RODNEY WINTHROP THOMPSON  
WINTHROP INVESTMENT MGMT CO

The Merits Hearing in the matter was held on December 4, 2019. Respondents were represented by Respondent Rodney Winthrop Thompson (Mr. Thompson). Assistant General Counsel Jennifer Rood represented the Department of Financial Regulation (Department). Attorney Robert Simpson served as Hearing Officer.

The Department called one witness- Emily Kisicki, Department Director of Examination and Enforcement. Ms. Kisicki reaffirmed the truth of the affidavit that she filed on November 27, 2019.

Rodney Winthrop Thompson testified on his own behalf.

Two exhibits were admitted: (1) Mr. Thompson's Financial Affidavit (HO-Exhibit 1) and (2) Thompson's State of Professional Affiliations (HO-Exhibit #2)

Findings

The Findings, below, are based on the parties' filings and Mr. Thompson's testimony and representations at the December 4, 2019 hearing.

1. In July 2017, Rodney Winthrop Thompson and Winthrop Investment Management Company<sup>1</sup> (Respondents) agreed to a "Stipulation and Consent Order" (Order) which required them to pay an "Administrative Penalty" of \$7,500. Order ¶ 1
2. Under the terms of the Order, which were tailored to meet Mr. Thompson's financial constraints, Respondents agreed to make twelve quarterly payments of \$625. The first \$625 payment was to be made on July 1, 2017. The final payment was to be made on April 1, 2020. Kisicki Affidavit (Kisicki, ¶ 4
3. To date, Respondents have made timely payment on only two<sup>2</sup> of the ten payments due:

<sup>1</sup> Winthrop Investment Management Co. is defunct. It is not listed in Mr. Thompson's current list of "Professional Association." Exhibit 2

<sup>2</sup> April 1, 2018 and July 1, 2018. Kisicki, ¶ 16

- Late payments on payments which were due: July 1, 2017; October 1, 2017; January 1, 2018; October 1, 2018; Kisicki, ¶¶ 3-15
  - No payments for payments which were due: January 1, 2019, April 1, 2019, July 1, 2019, October 1, 2019; ¶17
4. The Department was forced to contact Mr. Thompson repeatedly to make payments he had agreed to and was required to make under the Consent Order. Kisicki, ¶¶ 5-15
  5. Mr. Thompson stopped communicating with the Department altogether approximately one year ago after he made his last (late) payment in October 2018. Kisicki ¶ 17
  6. Mr. Thompson's only income in 2019 will be the \$44,000 he was paid as a contractor in January 2019. He was paid to develop CannaHoldCo, Inc. (formerly Dry, Co.) into a money-making concern by March 2020. Thompson testimony; Financial Affidavit, pp. 3 ¶4
  7. Mr. Thompson made a conscious decision to devote all his time and resources in 2019 to developing CannaHoldCo, Inc. Thompson testimony
  8. Mr. Thompson has made no effort to find additional employment that would enable him to pay the \$2,500, he currently owes under the Consent Order. Thompson testimony
  9. Mr. Thompson has made no effort to borrow on his stock in CannaHoldCo, Inc, which he says is worth more than \$1 million, in order to pay the \$2,500, he currently owes under the Consent Order. Thompson testimony, Financial Affidavit, p. 10 § VI Investments
  10. Mr. Thompson expects to receive \$76,000 in "deferred compensation" in March 2020. He claims this will enable him to pay off the balance he owes on the Consent Order at that time. Thompson testimony; Financial Affidavit p. 10 § X Retirement Accounts

#### Discussion

Mr. Thompson has evidently made what he considers a "business decision" to ignore his obligations under the Consent Order. To date, this decision has meant he has ignored his legal obligation to pay the \$2,500 he currently owes under the Order. The practical effect of his decision has been to unlawfully force the Vermont Department of Financial Regulation to help him finance his startup business-CannaHoldCo, Inc.

Under the terms of the Order, Mr. Thompson has two more payments to make -one on January 1, 2020 and the last on April 1, 2020. He currently owes the Department \$2,500 for his failure to make any of the payments due in 2019. If he decides not to make his last two payments, he will owe the Department a total of \$3,750.

The Department has asked for an Enforcement Order as provided in Vermont's Securities Act (9 VSA § 5604 (d)) which requires Mr. Thompson to pay \$18,750 – (1) the \$3,750 left to be paid under the 2017 Consent Order plus (2) a \$15,000 penalty<sup>3</sup>. This order would take effect immediately.

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<sup>3</sup> \$15,000 is the maximum penalty authorized for a single violation. 9 VSA § 5604 (d)

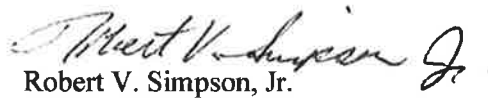
Mr. Thompson counters with an offer to pay the Department \$3,750 by April 1, 2020. He also offers to pay a \$1,500 penalty. He says that if he fails to make these payments by April 1, 2020, he will "consent" to the \$15,000 penalty demanded by the Department.<sup>4</sup>

Proposal for Penalty

The Department has clearly proven that it has the right to penalize Mr. Thompson for his conduct. Penalties are necessary, not only to deter Mr. Thompson from continuing to violate the Order; but also, to deter others who may be tempted to ignore their legal obligations for what they have decided, are more important personal, or business, reasons.

However, it is not reasonable to require Mr. Thompson to pay the maximum penalty (\$15,000) for violating the 2017 Consent Order under these circumstances.<sup>5</sup> The Commissioner should not issue a Enforcement Order until after April 1, 2020 when the final \$625 payment is due under the Consent Order.

1. If Mr. Thompson follows through on his pledge to pay the \$3,750 due by April 1, 2020, the Penalty should be \$7,500.
2. If Mr. Thompson does not follow through on his pledge, he should be ordered to pay \$18,750: (1) the \$3,750 that would be due under the order and (2) the Maximum Penalty of \$15,000.

  
Robert V. Simpson, Jr.  
Hearing Officer

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<sup>4</sup> Mr. Thompson's December 2, 2019 memo. ¶ 15

<sup>5</sup> 60% of the payments due have been made and the final two payments are not yet due.