

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

**IN RE:** )  
 )  
**RODNEY WINTHROP THOMPSON** ) **DOCKET NO. 17-018-S**  
**and WINTHROP INVESTMENT MGMT., CO.** )  
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**STIPULATION AND CONSENT ORDER**

This Stipulation and Consent Order is entered this 6<sup>th</sup> day of July 2017 by and among Rodney Winthrop Thompson ("Thompson"), Winthrop Investment Management, Co. ("Winthrop") (together, "Respondents"), and the State of Vermont Department of Financial Regulation ("Department").

WHEREAS, the Commissioner of the Department ("Commissioner") is responsible for administering and enforcing the securities and insurance laws of the Vermont Statutes Annotated, pursuant to which the Department has conducted a review of Respondents; and

WHEREAS, as a result of the Department's review, the Department has concluded that Respondents violated the securities laws of the State of Vermont for the reasons set forth below; and

WHEREAS, the Department has accordingly sought, and Respondents, without the necessity of further formal proceedings, have agreed to take corrective and remedial measures as more specifically described herein; and

WHEREAS, Respondents elect to permanently waive any right to a hearing and appeal under the Vermont Administrative Procedure Act, Title 3, Chapter 25 of the Vermont Statutes Annotated; the rules, regulations, and orders of the Commissioner; and any right they may have to judicial review by any court with respect to this Consent Order.

NOW THEREFORE, the parties so stipulate, and the Commissioner makes findings and conclusions as follows:

**FINDINGS OF FACT**

1. Thompson previously held Vermont resident insurance producer license #920034. Thompson's resident producer insurance license was issued pursuant to the licensing requirements set forth in Chapter 131 of Vermont Statutes Annotated Title 8. Thompson did not renew his license and it expired on March 31, 2017.

2. Thompson is the principal of Winthrop Investment Management, Co., a Vermont corporation with a principal office business address located at 33 Franklin Street, Unit 202, Essex Junction, Vermont, 05452.

3. In early 2017, the Department, pursuant to statutory authority, commenced an investigation regarding Respondents' provision of investment advice and sale of life insurance products to determine compliance with Vermont laws and regulations.

4. The Department's investigation revealed four instances in which Thompson and four instances in which Winthrop advised clients to liquidate securities in order to purchase insurance products while holding no active registration with the Department's Securities Division ("Vermont Securities Division").

5. Respondents are not currently registered in any capacity with the Vermont Securities Division, nor have they ever been.

### CONCLUSIONS OF LAW

1. The Commissioner is charged with administering the securities laws of the state of Vermont pursuant to 9 V.S.A. § 5601.

2. Under 9 V.S.A. § 5403 and § 5404, the Securities Act provides that it is unlawful for a person to transact business in this state as an investment adviser or an investment adviser representative unless the person is registered with the Securities Division or is exempt from registration.

3. Providing advice to purchase or sell a security constitutes investment advice and requires registration with the Securities Division.

4. Respondents, by providing investment advice while domiciled but unregistered in Vermont as set forth in the foregoing Findings of Fact, violated 9 V.S.A. § 5403 and § 5404.

5. Under 9 V.S.A. § 5604, after determining that a person has engaged in an act that constitutes a violation of the Securities Act, the Commissioner may, among other things, issue a final order directing the person to cease and desist from engaging in the act, and pay a civil penalty. Pursuant to 9 V.S.A. §§ 5412(c) and 5604, the Commissioner has the authority to bar a person from registration.

6. Pursuant to the authority contained in 8 V.S.A. §§11, 12, 13, 15, and Chapters 101, 129, and 131, the Commissioner is charged with enforcing the insurance laws of the State of Vermont.

7. 8 V.S.A. § 4804(a)(3) provides that the Commissioner may suspend, revoke, or refuse to renew any producer license if the licensee violated any insurance laws or violated any lawful rule, regulation, subpoena, or order of the Commissioner. 8 V.S.A. § 4804(d) provides

that in addition to or in lieu of any applicable denial, suspension, or revocation of a license, the Commissioner may impose an administrative penalty.

8. Respondents, by providing unregistered investment advice, violated the securities act and the condition of 8 V.S.A. § 480-4(a)(3) is present.

## CONSENT ORDER

NOW, THEREFORE, based on Respondents' stipulation, and on the basis of the Findings of Fact and Conclusions of Law, the Commissioner issues the following Order:

1. Respondents shall pay an administrative penalty in the amount of \$7,500.00 to the Vermont Securities Division. The penalty shall be paid in quarterly payments of \$625.00. The first quarterly payment shall be paid on or before July 1, 2017, and then shall occur on or before the dates of October 1, January 1, April 1, and July 1 thereafter until the full obligation is satisfied.

2. Respondents shall not apply for any registration with the the Vermont Securities Division for a period extending from the day of the execution of this Consent Order through September 1, 2017. The Department agrees not to deny an application by Respondent Thompson for registration with the Securities Division after September 1, 2017, or any application to renew Respondent Thompson's insurance producer license, on the basis of this Consent Order, provided Respondents abide by this Consent Order.

3. As a precondition of any renewal of his insurance producer license from the Department, Respondent Thompson shall, in addition to the continuing education required under 8 V.S.A. §4800a, complete ten (10) hours of continuing education pertaining to suitability. Such education must be obtained from a provider and course(s) approved by the Commissioner.

4. For a period of two (2) years beginning on the date of execution of this Consent Order, Respondents shall document all suitability information gathered from clients related to the recommendation or sale of life insurance or annuity products, and shall memorialize the basis for any such recommendation or sale through written notes. Respondents shall make such suitability information and notes available for review by the Department's Insurance Division upon request.

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

6. Upon full satisfaction of Paragraphs 1 through 5 of this Consent Order, this Stipulation and Consent Order will be deemed to have documented the resolution of this matter and will not be a basis for action against Respondents by the Department arising out of these same events in regards to the business of insurance or securities except in responding to and addressing any consumer complaint or determining any action or penalty that may be imposed by the Department for any future violations of law by Respondents.

**CONSENT BY RODNEY WINTHROP THOMPSON AND WINTHROP INVESTMENT MANAGEMENT, CO. TO THE ENTRY OF AN ORDER BY THE COMMISSIONER IMPOSING TERMS, CONDITIONS AND UNDERTAKINGS UNDER THE VERMONT SECURITIES AND INSURANCE LAWS**

1. Rodney Winthrop Thompson and Winthrop Investment Management, Co. (together, "Respondents"), hereby admit the jurisdiction of the Commissioner over the subject matter of this proceeding, and solely with respect to this matter, knowingly and voluntarily waive any and all rights to a hearing before the Commissioner or his designee, and all other procedures otherwise available under Vermont law, the rules of the Department, the provisions of Chapter 25 of Title 3 regarding contested cases, or any right they may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the terms of the Stipulation and Consent Order set forth herein.

2. Respondents acknowledge that this Consent Order constitutes a valid order duly rendered by the Commissioner, and agree to be fully bound by it.

3. Respondents acknowledge and agree that the Consent Order is entered into freely and voluntarily and that no promise was made, nor was any coercion used, to induce the Respondents to enter into the Consent Order.

4. Respondents acknowledge their understanding of all terms, conditions, and obligations contained in the Consent Order and further acknowledge that should they 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 right to a hearing pursuant to Vermont's insurance and securities laws.

Dated this 1<sup>st</sup> day of July, 2017.

By:   
Rodney Winthrop Thompson, individually  
and on behalf of Winthrop Investment Management, Co.

BEFORE ME this 1 day of July, 2017, personally appeared Rodney Winthrop Thompson who acknowledged that he executed the foregoing for the purposes therein contained, and that such act of execution is his free act and deed.

  
Notary Public

My Commission Expires: 8 28 2019

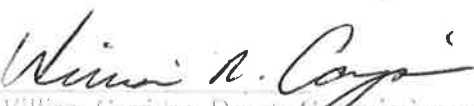
This ORDER shall become effective immediately upon the date set forth below.

**BY ORDER OF THE COMMISSIONER**

Entered at Montpelier, Vermont, this <sup>6<sup>th</sup></sup> day of <sup>July</sup> ~~June~~, 2017.



MICHAEL PIECIAK, Commissioner  
Vermont Department of Financial Regulation

Agreed and accepted:   
William Carrigan, Deputy Commissioner of Securities

Agreed and accepted:   
Christina Rouleau, Deputy Commissioner of Insurance



# All-purpose Acknowledgment California only

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Mendocino

On 7/1/17 before me, Russell Gene Troxler (here insert name and title of the officer),

personally appeared Rodney Winthrop Thompson

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Notary Seal

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]

**For Bank Purposes Only**

Description of Attached Document

Type or Title of Document Consent By Rodney Winthrop Thompson and Winthrop Investment Managers Co

Document Date 7/1/17 Number of Pages 2 or 1

Signer(s) Other Than Named Above None



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