

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:)	Case No.: SEC-2013-45
FINANCIAL AMERICA SECURITIES,)	CONSENT AGREEMENT AND FINAL ORDER
INC.,)	
Respondent.)	

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101, et seq. (Act), and Financial America Securities, Inc. (Respondent).

RECITALS

WHEREAS, the CSI received a Regulation D, Rule 506 filing from an issuer claiming to use Respondent as its broker-dealer in Montana;

WHEREAS, the CSI subsequently asked Respondent to provide documentation of any and all securities activities Respondent had conducted with Montana residents within the previous two years;

WHEREAS, the documentation Respondent provided showed that a Respondent employee had conducted numerous trades for a client who resided within the state of Montana;

WHEREAS, a review of the CSI database shows that Respondent is not and, during the period in which the trades were conducted, was not registered to transact business as a securities broker-dealer in the state of Montana;

WHEREAS, Mont. Code Ann. § 30-10-201(1) prohibits the transaction of business in the state of Montana as a securities broker-dealer or salesperson unless a person is registered with the CSI to do so or is exempted from registration;

WHEREAS, based on the CSI's investigation, the CSI alleges that Respondent violated Mont. Code Ann. § 30-10-201(1) by executing solicited trades as a broker-dealer with Montana clients while not being registered to do so or being exempted from registration; and

WHEREAS, based on the CSI's investigation, the CSI alleges that Respondent and its employee received a combined \$1,769 in commissions as a result of the alleged trades;

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the CSI and Respondent enter into the following:

STIPULATIONS AND CONSENTS

1. Without admitting or denying the foregoing, Respondent stipulates and agrees to the following:

A. Within twelve months from the execution of this Agreement, Respondent shall pay a fine of \$5,000. Respondent may make payments of no less than \$425 per month beginning 30 days following the signing of this Agreement and continuing until the fine has been paid in full. The fine must be made payable to the State of Montana and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Nick Mazanec, Attorney, 840 Helena Avenue, Helena, MT 59601.

B. Within ten business days from the execution of this Agreement, Respondent shall remit \$1,769 to the CSI as a contribution to the Investor Protection Trust. The remittance must be made payable to the Investor Protection Trust and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Nick Mazanec, Attorney, 840 Helena Avenue, Helena, MT 59601. Upon receipt of the remittance, the CSI shall forward it to the Investor Protection Trust.

C. Within ten business days from the execution of this Agreement, Respondent shall pay retroactive broker-dealer and salesperson registration fees for the year 2012 in an amount totaling \$250. This amount includes one \$200 annual broker-dealer registration fee and one \$50 annual salesperson registration fee for the salesperson who engaged in the alleged activities. The fees must be made payable to the State of Montana and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Nick Mazanec, Attorney, 840 Helena Avenue, Helena, MT 59601.

2. All parties to this Agreement stipulate and agree as follows:

A. Respondent acknowledges that its authorized representative signing this Agreement has read and understands each term of this Agreement and that it enters into this Agreement voluntarily and without reservation.

B. Respondent and the CSI agree that this Agreement resolves the matters set forth in the Recitals, and that the CSI has no intention to impose any additional penalty or fine, or take any other disciplinary action, for the conduct detailed therein.

C. With respect to the Recitals, Respondent specifically and affirmatively waives a contested case hearing and its right to appeal under the Montana Administrative

Procedure Act, including Title 2, chapter 4, part 7, and elects to resolve this matter on the terms and conditions set forth therein.

D. Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.

E. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the matters set forth in the Recitals and is not intended to be used for any other purpose.

F. This Agreement constitutes the entire agreement between the parties and no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce Respondent to enter into this Agreement.

G. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective.

H. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner), herein.

I. Upon signing of the Final Order by the Commissioner or her representative, this Consent Agreement and Final Order will be an order of the CSI, the CSI has jurisdiction over the enforcement of the Order, and failure to comply with it may constitute separate violations of the Act, as provided in Mont. Code Ann. § 30-10-305, and may result in subsequent legal action by the CSI.

J. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 14 day of May, 2013

**OFFICE OF THE COMMISSIONER OF
SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

By: 
NICK MAZANEC
Attorney for the CSI

DATED this 1st day of May, 2013

**FINANCIAL AMERICA
SECURITIES, INC.**

By: 
Title: President

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 33-1-101, et seq., and upon review of the foregoing Consent Agreement (Agreement) between the Office of the Commissioner of Securities and Insurance, Montana State Auditor, and Respondent Financial America Securities, Inc., and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Agreement is adopted as set forth fully herein.

DATED this 8th day of May, 2013.

MONICA J. LINDEEN
Commissioner of Securities and Insurance
Montana State Auditor

By: 

LYNNE EGAN
Deputy Securities Commissioner