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ATTORNEY GENERAL OF NEW JERSEY
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STATE OF NEW JERSEY
BUREAU OF SECURITIES
OFFICE OF ADMINISTRATIVE LAW
Docket Number BOS 5368-03

IN THE MATTER OF:

CARL BARONE . . .
MICHAEL PRENDERGAST et al.

CONSENT ORDER
UNDER N.J.A.C. 1:1-19.1

The New Jersey Bureau of Securities ("Bureau") and Michael Prendergast ("Respondent") wish to have the settlement incorporated in the record of the case. Thus, as provided in N.J.A.C. 1:1-19.1, the full terms of the settlement are set forth herein.

This proceeding was instituted on December 16, 2002 when the Chief of the New Jersey Bureau of Securities (the "Bureau Chief") signed and caused to be filed and served an Administrative Complaint alleging, among other things, that Respondent and others violated certain provisions of New Jersey's Uniform Securities Law, N.J.S.A. 49:3-47 et seq., regarding the conduct of securities agents related to the offer, purchase and sale of certain promissory notes.

Respondent, among others, timely requested a hearing and filed an Answer denying certain of the allegations, admitting others and asserting certain affirmative defenses. On reviewing the Answers, the Bureau Chief determined the matter to be a contested case and, transmitted it to the Office of Administrative Law for the requested hearing where it was assigned to Administrative Law Judge Stephen G. Weiss.

The parties, through counsel, have agreed to settle the matter without the need for a hearing in accordance with the terms set forth in this Consent Order.

IT IS, THEREFORE, ORDERED, ON THE DAY WRITTEN BELOW THAT:

1. The charges of the Administrative Complaint that Respondent committed certain violations of the Securities Law and the Complaint's demand for relief are finally resolved in accordance with the terms and conditions of this Consent Order.

2. The Bureau Chief has made the findings set forth in Schedule A to this Consent Order, which findings Respondent neither admits nor denies.

3. Respondent further consents to, and there are hereby imposed, the sanctions set forth in Schedule B to this Consent Order.

4. As provided in N.J.A.C. 1:1-19.1(d), this Consent Order is deemed the final decision in this matter with respect to Respondent.

5. This Consent Order is to be filed with the Clerk of the Office of Administrative Law and with Judge Weiss, as required by N.J.A.C. 1:1-19.1(2), as soon as practicable after it is entered.

NEW JERSEY BUREAU OF SECURITIES

By:

Franklin L. Widmann

Franklin L. Widmann, Esq., Chief

Date: September 7, 2005

I have read this Consent Order and understand its terms. I consent to its entry and agree to be bound by those terms.

Date: 8/31/05

Michael Prendergast

The undersigned counsel for Respondent hereby consent to the form and entry of this Consent Order.

David Jay Glassman

Attorney for Respondent

By: _____

David Jay Glassman, Esq.

Date: 8/10/05

CONSENT ORDER
IN THE MATTER OF CARL BARONE ET AL.

SCHEDULE A: THE BUREAU CHIEF'S FINDINGS

1. Respondent was not registered with the Bureau from 1999 through March 2000.

2. During that interval, Respondent sold 21 promissory notes to investors for a total cost of $696,323.63.

3. Ultimately, some of the issuers of the notes Respondent sold, failed to repay principal. Although the notes were guaranteed, the guarantors failed to make good on the guarantees, resulting in significant losses to the purchasers.

4. Respondent did not affect the sale of the promissory notes through a broker-dealer.

5. The promissory notes were securities as defined in N.J.S.A. 49:3-49(m) whose offer or sale are prohibited by N.J.S.A. 49:3-60 unless they are registered with the Bureau or exempt from registration.

6. Thus, Respondent violated N.J.S.A. 49:3-60 because the promissory notes that he offered or sold were not registered with the Bureau or exempt from registration, with each offer and sale constituting a separate violation.

7. N.J.S.A. prohibits an individual from attempting to affect or affecting the purchase or sale of securities, i.e., acting as securities agents (see, N.J.S.A. 49:3-49(b)), unless the individual is registered with the Bureau as an agent of a broker-dealer.

8. Thus, Respondent violated N.J.S.A. 49:3-56(a) because he did not affect the sale of the promissory notes through a broker-dealer.

9. Imposing the sanction of a civil monetary penalty is in the public interest, for the protection of investors and consistent with the policies and purposes intended by the Securities Law, as provided in N.J.S.A. 67(b).

10. The return of this Consent Order and the initial payment of the civil monetary penalty specified in Schedule B have been made as described in said Schedule B, as evidenced by the attached certification of the Deputy Attorney General designated to act in this matter on behalf of the Attorney

General of the State of New Jersey, counsel for the Bureau of Securities.

CONSENT ORDER
IN THE MATTER OF CARL BARONE ET AL.

SCHEDULE B: SANCTIONS

1. With respect to the civil monetary penalty provided for in N.J.S.A. 49:3-70.1, the Bureau Chief has taken the following factors into account:

   The Bureau Chief has found that Respondent has committed the violations listed in Schedule A;

   N.J.S.A. 49:3-70.1 sets the maximum penalty that may be assessed for the first violation at $10,000 and the maximum that may be assessed for each additional violation is $20,000;

   From 1999 through March 2000, Respondent sold 21 promissory notes to investors for a total cost of $696,323.63; and

   Respondent received $75,000 in remuneration in connection with the sale of the 21 promissory notes.

2. Based on the factors set forth in paragraph 1, Respondent is assessed a civil monetary penalty of $96,000 - the sum of $21,000 ($1,000 for each promissory note he had a role in selling) and $75,000 (the remuneration he received) - which shall be paid in accordance with payment schedule set forth in paragraph 3.

3. Respondent shall make: (a) an initial payment of $36,000 on or before the return of this Consent Order executed by Respondent and his counsel, in anticipation of its entry by the Bureau Chief; and (b) sixty (60) additional payments by making a payment of $1,000 on the first day of the month following the date of the initial payment and a payment of $1,000 on the first day of each subsequent month for fifty nine (59) months.

4. Each payment shall be made by certified check, cashier's check or a check drawn on the trust account of an attorney admitted to practice in New Jersey, to the order of the Bureau of Securities.

5. Each payment shall be sent to the deputy attorney general designated to act in this matter, at his office at 124 Halsey Street, 5th Floor, Newark, New Jersey 07101.

CONSENT ORDER
IN THE MATTER OF CARL BARONE ET AL.

CERTIFICATION

I hereby certify that the initial payment of the civil monetary penalty specified in Schedule B to this Consent Order and the return of this Consent Order also specified in Schedule B, have been made as described in Schedule B.

I further certify that the statements of this certification are true. I am aware that if any of the statements is willfully false, I am subject to punishment.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY

Date: 9/7/05

By: Joshua T. Rabinowitz
Joshua T. Rabinowitz
Deputy Attorney General