
IN THE MATTER OF: :

ANDREW GARRETT, INC. :

CRD # 29931 :

SUMMARY ORDER OF
PENALTY ASSESSMENT

Pursuant to the authority granted to the Chief of the Bureau of Securities (the "Bureau") by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., (the "Securities Law"), more specifically N.J.S.A. 49:3-70.1, and after careful review and due consideration of the Bureau's records and certain documents provided to the Bureau, the Bureau Chief has determined that a monetary penalty shall be issued against Andrew Garrett, Inc. for the reasons that follow:

1. Andrew Garrett, Inc. ("Garrett") (CRD # 29931) is a registered broker-dealer whose primary business address is 140 East 45th Street, 11th Floor, New York, New York 10017. Garrett has been registered with the Bureau since December 9, 1996.
2. The Bureau approved an agent registration with Garrett on May 1, 2009 for Kevin P. Brennan ("Brennan"), contingent upon his signing a heightened supervisory agreement ("Agreement") pursuant to N.J.A.C. 13:47A-3.1(d).
3. John McHoul (CRD # 2073969), then as Branch Supervisor of Garrett, signed the Agreement on behalf of Garrett on April 24, 2009, and Mark Maurer (CRD # 1496683), as Chief Compliance Officer of Garrett, signed the Agreement on behalf of Garrett on April 27, 2009.
4. Paragraph 14 of the Agreement states that "[Garrett] and Brennan will have joint responsibility for notifying the Bureau of Securities of any new or updated customer complaint,

civil or criminal action, regulatory action, arbitration or investigation instituted against Brennan within 10 business days of the occurrence.”

5. Paragraph 15 of the Agreement states that “[Garrett] will conduct a monthly review of Brennan’s securities activity. Such review shall be memorialized by a memo as to the nature of the review undertaken and any problems noted. The review reports will be maintained by the firm.”

6. Paragraph 5 of the Agreement states in part: “In the event that Mr. McHoul, or any other person approved by [the Bureau] to supervise Brennan is, for any reason, no longer responsible for Brennan’s supervision, [Garrett] will submit the name and CRD number of another person to supervise Brennan for the Bureau’s approval at least two (2) weeks in advance of the change when possible.”

7. The Agreement states that all required notifications “...shall be addressed to the Supervisor, Agent Registration” at the Bureau’s current office address.

8. In addition, pursuant to N.J.A.C. 13:47A-7.8, any information required to be filed directly with the Bureau will have no effect and the information will be considered as “not filed” if the information is filed only with the CRD.

9. It has come to the attention of the Bureau that:

a) On June 1, 2009, Garrett filed a U-4 Amendment on the CRD updating Brennan’s disclosure history to report the amended status of a customer complaint that had been filed against Brennan. The complaint had been closed with no action taken.

b) On September 9, 2009, Brennan submitted a Letter of Acceptance, Waiver and Consent, number 20070073586-04, (the “AWC”) to Financial Industry Regulatory Authority (“FINRA”) in response to allegations that Brennan: (a) failed reasonably to supervise registered representatives who conducted and operated a securities business from an unregistered branch

office; and (b) failed to timely amend his Form U-4 to indicate that he was the subject of a regulatory investigation and/or proceeding, based on his receipt of a Wells Notice from the Securities and Exchange Commission.

c) The AWC stipulated Brennan's consent to a fine of \$15,000 and a suspension from association with any FINRA member in any principal capacity for six months. The AWC was accepted by FINRA on September 10, 2009, and the suspension was in effect from December 21, 2009 to June 20, 2010.

d) On February 1, 2010, Garrett filed a U-4 Amendment on the CRD updating Brennan's disclosure history to report the amended status of a customer complaint that had been filed against Brennan. The complaint had been disposed through arbitration for settlement in the amount of \$90,000.

e) On March 16, 2010, the State of Nevada issued an Administrative Consent Order revoking Brennan's license to act as a sales representative acting for a broker-dealer in the State of Nevada.

f) The CRD indicates that John McHoul, the individual approved by the Bureau to supervise Brennan, ceased employment with Garrett on June 9, 2010.

10. Garrett and Brennan failed to notify the Bureau of the updated status of the two customer complaints filed on June 1, 2009 and February 1, 2010, as required by paragraph 14 of the Agreement.

11. Garrett and Brennan failed to notify the Bureau of FINRA's actions involving Brennan, as required by paragraph 14 of the Agreement.

12. Garrett and Brennan failed to notify the Bureau of the State of Nevada's actions involving Brennan, as required by paragraph 14 of the Agreement.

13. Garrett failed to conduct reviews of Brennan's securities activity on a monthly basis as required by paragraph 15 of the Agreement, and the contents of any such reviews conducted by Garrett are insufficient to satisfy the Bureau's concerns that Brennan is being appropriately supervised.

14. Garrett failed to notify the Bureau of Mr. McHoul's departure from the firm, and has failed to submit the name and CRD number of another person to supervise Brennan for the Bureau's approval, as required by paragraph 5 of the Agreement.

15. The Agreement states that "[f]ailure to comply with this agreement shall be deemed to be a violation of N.J.A.C. 13:47A-14.16 which entitles the Bureau to impose sanctions."

THE BUREAU CHIEF HEREBY FINDS THAT:

During the relevant time period herein, Garrett: (1) failed to notify the Bureau of any new or updated customer complaint, civil or criminal action, regulatory action, arbitration or investigation instituted against Brennan as required by the Agreement; (2) failed to maintain sufficient memoranda memorializing monthly reviews of Brennan's securities activity as required by the Agreement; and (3) failed to submit the name and CRD number of Brennan's replacement supervisor as required by the Agreement. Thus, N.J.A.C. 13:47A-7.8, and N.J.A.C. 13:47A-14.16 were violated, and the Bureau may assess civil monetary penalties under N.J.S.A. 49:3-70.1 for each of these violations.

THEREFORE, it is on this 18th day of August, 2010, hereby ORDERED that Andrew Garrett, Inc. is assessed a civil monetary penalty in the amount of \$ 25,000 which shall be paid to the Bureau within thirty (30) days of the execution of this order.

By: Marc B. Minor
Marc B. Minor

NOTICE OF RIGHT TO HEARING

You are advised that upon service of notice of this Penalty Order issued by the Bureau Chief, Andrew Garrett, Inc. shall have up to fifteen (15) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the reasons set forth in the Order which formed the basis for its entry. A general denial is unacceptable. Within five (5) business days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney. If an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the fifteen (15) day prescribed period, the Order shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of a Final Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.