

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
Telephone (973) 504-3600

IN THE MATTER OF:

STEVEN KOLINSKY
(CRD# 1090913)

Respondent.

CONSENT ORDER

Pursuant to the authority granted to Marc B. Minor, Chief of the New Jersey Bureau of Securities ("Bureau Chief"), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), including N.J.S.A. 49:3-58 and N.J.S.A. 49:3-70.1, and certain regulations, and based on a review of the relevant facts, including documents obtained during the investigation by the New Jersey Bureau of Securities ("Bureau"), the Bureau Chief hereby finds that there is good cause and it is in the interest of preserving resources and without prejudicing the public interest, and Steven Kolinsky ("Kolinsky") agrees to resolve any and all issues in controversy in this matter on the terms set forth in this Administrative Consent Order ("Consent Order").

WHEREAS, the Bureau is the State agency with the responsibility to administer and enforce the Securities Law; and

WHEREAS, N.J.S.A. 49:3-67 authorizes the Bureau Chief from time to time to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the provisions of the Securities Law; and

WHEREAS, the Bureau has conducted an investigation into certain activities occurring in the Woodcliff Lake, New Jersey branch office of NFP Securities Inc. and Royal Alliance Associates Inc. during the period of July 2004 through April 2010 where Kolinsky was registered as an agent and investment adviser representative and acted as a supervisor; and

WHEREAS, the Bureau Chief issued a Summary Order dated November 30, 2010 which, among other things, revoked the registrations of Kolinsky; and

WHEREAS, Kolinsky and the Bureau Chief wish to resolve these issues without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, Kolinsky consents to the form and entry of this Consent Order and neither admits nor denies the Findings of Fact or Conclusions of Law contained in this Consent Order. Accordingly, Kolinsky waives the following rights:

- a. To be afforded an opportunity for hearing on the Bureau Chief's findings and conclusions of law in this Consent Order after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2); and
- b. To seek judicial review of, or otherwise challenge or contend, the validity of this Consent Order; and

WHEREAS, Kolinsky agrees that solely for the purposes of settling this matter, or any future proceedings by the Bureau, this Consent Order shall have the same effect as if proven and ordered after a full hearing held pursuant to N.J.S.A. 52:14B-1 et seq.; and

WHEREAS, this Consent Order concludes the investigation and action by the Bureau Chief pursuant to the Securities Law, on behalf of the Bureau Chief, as against Kolinsky for the conduct described herein.

FINDINGS OF FACT

1. Steven Kolinsky (CRD# 1090913), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1987. Relevant registrations include:

- a. NFP Securities Inc. (CRD# 42046) ("NFP"): Feb. 2001- Jun. 2008, agent; Oct. 2005 - Jun. 2008,

- investment adviser representative;
 - b. Royal Alliance Associates, Inc. (CRD# 23131) ("Royal Alliance"): Jun. 2008 - Apr. 2010, agent and investment adviser representative; and
 - c. Kolinsky Wealth Management, LLC (CRD# 153763): Jun. 29 2010 - Nov. 30, 2010, investment adviser representative.
2. Stephen Elliot Hill (CRD# 2202940), residing in Upper Saddle River, New Jersey, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1993. Relevant registrations include:
- a. NFP: Feb. 2001 - Sept. 2008, agent; Oct. 2005 - Sept. 2008, investment adviser representative; and
 - b. Royal Alliance Sept. 2008 - Apr. 2010, agent and investment adviser representative.
3. Roy F. Glassberg (CRD# 2890633), residing in Boca Raton, Florida, was registered with the Bureau as an agent since approximately 1998. Relevant registrations include:
- a. NFP: Mar. 2001 - Aug. 2008, agent; and
 - b. Royal Alliance: Aug. 2008 - Apr. 2010, agent.
4. David Louis Ciano (CRD# 2174074), residing in Hawthorne, New York, was registered with the Bureau as an agent and/or investment adviser representative since approximately 1992. Relevant registrations include:

- a. NFP: Feb. 2001 - Sept. 2008, agent and from Oct. 2005 - Sept. 2008, investment adviser representative, and May 2006 - Sept. 2008, person-in charge;
- b. Royal Alliance: Sept. 2008 - Apr. 2010, agent and investment adviser representative;
- c. Investors Capital Corp., Sept. 2010 - Dec. 2010, agent;
- d. Sobel Financial Advisors, LLC: Sept. 2010 - Dec. 2010, investment adviser representative; and
- e. Kolinsky Wealth Management, LLC: May 2010 - present.

5. Kolinsky-Hill Financial, a New Jersey Corporation providing money management services and insurance sales, maintained its principal office at 50 Tice Blvd., Atrium Level, Woodcliff Lake, New Jersey. Kolinsky and Hill were business partners from approximately 1987 through April 2010 and were Kolinsky-Hill Financial's only members. From approximately March 2001 to August 2008, Kolinsky-Hill Financial operated the branch of NFP which employed Kolinsky, Hill, Ciano, and Glassberg. Then, from approximately August 2008 to April 2010, Kolinsky, Hill, Ciano, and Glassberg switched their registered affiliation and operated as a branch of Royal Alliance.

6. NFP has been registered with the Bureau as broker-dealer and notice filed¹ as an investment adviser since April 1997. NFP is headquartered in Austin, Texas.

7. Royal Alliance has been registered with the Bureau as a broker-dealer since May 1989 and notice filed as an investment adviser since July 1991. Royal Alliance is headquartered in New York.

8. Crown Developers LLC ("Crown"), a New Jersey limited liability company, was formed by Kolinsky and Hill, who are its managing members. STR Builders LLC also known as STR Realty, LLC ("STR"), was formed on July 26, 2004, and is now known as Crown Builders.

9. Hackensack Park Plaza, LLC ("Hackensack Park Plaza"), a Delaware limited liability company, was formed on October 26, 2007. River Street Project LLC ("River Street"), a New Jersey limited liability company, was formed on February 13, 2007, and is Hackensack Park Plaza's manager and 80% owner. River Street's managing members are Kolinsky, Ed Koenig ("Koenig"), then a NFP client, and Kevin Schmidt ("Schmidt"). River Street is owned and controlled by K & K 320 River Street LLC ("K&K") and Partners Investment Properties LLC ("PIP"). K&K, a Delaware

¹ NFP registers as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). The Securities Law requires NFP to also file, with the Bureau, any forms that are filed with the SEC because it has New Jersey residents as clients.

limited liability company, is owned by Kolinsky, Hill, Koenig, and Koenig's sons, David and Jeffrey Koenig. K&K's managing members are Kolinsky and Koenig. Like Kolinsky-Hill Financial, Crown, Hackensack Park Plaza, River Street and K&K all maintain principal offices at 50 Tice Blvd., Woodcliff Lake, New Jersey. PIP, a New Jersey limited liability company, maintains its principal office at 370 Indian Trail Drive, Franklin Lakes, New Jersey. Schmidt is PIP's sole managing member.

UNDISCLOSED OUTSIDE BUSINESS ACTIVITIES OF KOLINSKY AND HILL RELATED TO LAND DEALS

i) STR

10. On June 25, 2004, Kolinsky and Hill formed STR, whose business was to develop residential real estate.

11. Kolinsky and Hill built two houses, through STR, without any additional investors.

12. In approximately May 2005, Kolinsky and Hill, on behalf of STR, solicited and sold securities to at least three (3) of Kolinsky's NFP clients, to fund the purchase and development of at least one property located at 23 Elden Drive, Saddle River, New Jersey.²

13. As a result of Kolinsky and Hill's solicitation, the NFP clients each invested at least \$250,000.

14. Although Kolinsky and Hill had disclosed "STR Realty" on

² Elden Drive LLC was incorporated for this project and was wholly owned by STR.

their outside business activity forms, they failed to disclose that the business involved the solicitation and sale of securities.

ii) Crown

15. In April 2006, Crown, through Hill, solicited Hill's NFP client, C.F., to invest in a company "acquiring a parcel of real property including an interest real property located in Franklin Lakes, New Jersey for the purpose of developing such property as a single family residence." Upon reliance on Hill's solicitation, C.F. invested \$300,000.

16. The terms of C.F.'s investment were set forth in an agreement with Crown dated April 2006 ("Crown Agreement") and provided that in consideration for C.F.'s \$300,000 investment:

"[a]t or prior to the end of the term, Crown shall remit to C.F. the principal investment of \$300,000.00 plus the greater of: (i) seventy-five thousand (\$75,000.00); or (ii) eight (8%) percent of the net profit Crown shall have earned from Crown's sale of the Property after taking into account all of Crown's costs, disbursements and expenses including the payments made to C.F..." The term of the investment was "the earlier of (i) eighteen (18) months from the date of the execution of this agreement, or (ii) the sale of the property."

iii). Hackensack Park Plaza

17. On October 17, 2005, Schmidt, on PIP's behalf, entered into an agreement to purchase ("Purchase Agreement"), an eight acre parcel of land located along the Hackensack River in

Hackensack, New Jersey ("Hackensack Parcel") for approximately \$14,500,000.

18. On or about February 2007 Schmidt, on PIP's behalf, agreed to assign the Purchase Agreement to River Street, owned and controlled by PIP and K&K.

19. On October 29, 2007, the members of River Street agreed to assign the Purchase Agreement to Hackensack Park Plaza.

20. Subsequently, Kolinsky and Hill, on behalf of Hackensack Park Plaza, began soliciting their NFP clients to purchase Class B Non-Voting Limited Liability Units in Hackensack Park Plaza ("Hackensack Securities"). As a result, Hill and Kolinsky sold \$5,000,000 worth of Hackensack Securities to at least eight (8) NFP clients.

21. Upon information and belief, by assignment and assumption dated November 14, 2007, Hackensack Park Plaza assumed the obligations and benefits of the Purchase Agreement.

22. On November 20, 2007, Hackensack Park Plaza finalized the sale of the Hackensack Parcel.

23. To date, the property has not been resold or developed.

Kolinsky and Hill Failed to Adequately Disclose to NFP Their Outside Business Activities and Their Solicitation of NFP Clients for Unapproved Investments

24. On or about January 18, 2005, Kolinsky signed a NFP Outside Business Activities Form ("Form"). Ciano signed the Form above the "OSJ Manager Signature." On the Form, Kolinsky

disclosed "STR Realty" as an outside business. Kolinsky identified Hill and Dichiara Builder LLC as his partners identifying the nature of the business as "construction - homebuilding."

25. In response to question #10 on the Form - "Are you aware of any potential conflicts of interest your involvement in [STR Realty] may pose?" - Kolinsky responded "None."

26. In response to question #11 on Form - "Have you ever or do you intend to recommend investment in or the purchase of or sale of securities of [STR Realty]?" - Kolinsky responded "no."

27. In response to question #13 on the Form - "Have you ever raised money for [STR Realty]?" - Kolinsky responded "no."

28. Directly above Kolinsky's signature, the Form stated "I hereby warrant that the above information is current and accurate to the best of my knowledge. In addition, I agree to promptly notify NFP Securities, Inc., my OSJ Manager, of any material changes by amending this request."

29. The NFP's Registered Representative Manuals for the relevant period provided that an Outside Business Activities Form be submitted to report any business activity outside of NFP.

30. Additionally, the NFP's Registered Representative Manuals for the relevant period also provided that the registered representative is responsible for keeping the Outside Business

Activities information current and should submit amended forms to report any changes in activities.

31. As part of its compliance procedures, NFP required its registered representatives to complete an electronic annual compliance survey, available on NFP's website, which questioned whether all outside business activities were disclosed, accurate and complete.

32. Kolinsky did not update his Outside Business Activity Form on May 2005, when in order to finance the purchase and development of 23 Elden Drive, Kolinsky and Hill, solicited and sold securities to Kolinsky's NFP clients.

33. Kolinsky and Hill engaged in selling away when they solicited NFP clients to invest in a private securities transaction without prior approval from NFP.

34. At all relevant times, NFP's policies prohibited selling away.

35. When Kolinsky became registered at Royal Alliance in June 2008, he became the representative of record for most, if not all, of the customer accounts at the branch.

36. Glassberg became registered with Royal Alliance in August 2008. Hill and Ciano did not become registered with Royal Alliance until September 2008.

37. When Ciano became registered with Royal Alliance, Kolinsky and Ciano ran the office as they had at NFP. Ciano performed

supervisory responsibilities that were delegated to him at NFP.

38. Royal Alliance's supervisory manuals, however, required that any delegation of supervisory duties be submitted and approved through a Delegation of Supervisory Tasks Form.

39. No Delegation of Supervisory Tasks Form was signed by Kolinsky and Ciano until January 22, 2009.

40. When Hill, Ciano and Glassberg became registered with Royal Alliance, Kolinsky remained the representative of record for most, if not all, of the accounts.

41. Kolinsky was C.F.'s representative of record from September 2008 through April 2010 for CF's Royal Alliance account number ending in 587.

42. On or about October 3, 2008, Hill solicited C.F. to invest \$103,000 in a company which was an unapproved security. Relying upon the conversation with Hill, C.F. agreed to invest \$103,000 in the security.

43. Although C.F. had only agreed to invest \$103,000, Hill caused three transfers totaling approximately \$1,800,000 to be made from the C.F.'s accounts to the company.

44. On October 3, 2008, Ciano created a request for transfer of funds ("Second Request") addressed to Pershing for \$1,477,000 and directed Pershing to transfer the funds from the client's account ending in 587 to the company. The Second Request was returned requiring a Medallion Signature Guarantee.

45. The Medallion Signature Guarantee is an industry accepted guarantee intended to convey that the customer signature is authentic.

46. Ciano notified Hill of the Medallion Signature Guarantee requirement. Ciano, aware that C.F. had not been in the office that day, gave the Second Request to Kolinsky's secretary for a Medallion Signature Guarantee. Kolinsky was the only person in the branch authorized to execute a Medallion Signature Guarantee. Although Kolinsky was not in the office that day, a Medallion Signature Guarantee was on the transfer form when Ciano received the Second Request back.

47. Ciano then resent the Second Request to Royal Alliance's operations department which forwarded it to Pershing. Pershing then transferred \$1,477,000 from the C.F.'s Royal Alliance account to the company's bank account.

48. Although Kolinsky was the representative of record on the client's account, he failed to detect or question the fact that in October 2008, his client's Royal Alliance account had a withdrawal of \$1,477,000.00, leaving a balance of \$266.52.

Conclusions of Law

49. Solely for the purpose of this Consent Order, Kolinsky consents to the Bureau Chief making the following Conclusions of Law:

**KOLINSKY ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vii)

50. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

51. Pursuant to N.J.S.A. 49:3-58(a): "The Bureau Chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant... (vii) has engaged in dishonest or unethical practices in the securities ... business, as may be defined by rule of the Bureau Chief...."

52. Kolinsky engaged in dishonest and unethical practices in the securities business while registered at NFP, in that he:

- a. failed to update his NFP business activity questionnaires to disclose that he would be soliciting and selling securities related to STR Realty;
- b. failed to disclose Crown as an outside business activity to NFP as required;
- c. failed to disclose Hackensack Park Plaza LLC as an outside business activity to NFP as required;
- d. failed to disclose K&K 320 River Street LLC as an outside business activity to NFP as required;
- e. failed to disclose River Street Project LLC as an outside business activity to NFP as required;
- f. solicited and sold STR, Crown and Hackensack Park Plaza

securities to NFP clients without notice to or approval of NFP; and

- g. failed to detect or prevent the unauthorized withdrawal of \$1,477,000.00 from a customer account for which he was the representative of record.

KOLINSKY FAILED TO REASONABLY SUPERVISE
N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(xi)

53. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

54. Kolinsky failed to reasonably supervise while at NFP and Royal Alliance by, among other things:

- a. failing to notify NFP that Hill was conducting undisclosed outside business activities and was selling away;
- b. improperly delegating supervisory responsibilities to Ciano;
- c. failing to assign accounts to the representative(s) who were controlling the activity in the accounts and who were contacting/advising the customers at Royal Alliance; and
- d. failing to know his client and suitably manage client accounts.

THEREFORE, it is on this 22nd day of March 2011, hereby

AGREED AND ORDERED,

1. Kolinsky's agent and investment adviser registrations are suspended from November 30, 2010 to the date of this Order, and thereafter may apply to the Bureau to register as agent or an investment adviser representative which will not be denied solely based on the conduct described herein and settled by this Consent Order.
2. Kolinsky consents to a prohibition from acting in any supervisory capacity for any broker-dealer or investment adviser as defined by N.J.S.A. 49:3-47 et seq while located in New Jersey or from supervising a person registered with the Bureau. Kolinsky may have ownership in an investment advisory firm.
3. Kolinsky shall cease and desist from any further violation of the Securities Law.
4. The Bureau's consent to the remedial actions and restrictions contained in the below paragraphs based on its reliance upon Kolinsky's representations that his business primarily includes fee based clients, asset allocations and referrals to money managers. Kolinsky sells mutual funds, ETFs, 529 plans, registered alternative investments, variable annuities, variable life, limited partnerships including real estate partnerships and 1031 exchange partnerships approved by a

broker-dealer. Should Kolinsky solicit or conduct any additional types of business he must notify the Bureau, in writing, prior to any offer or transactions, as the terms of the below paragraphs may change. Should Kolinsky conduct any business not described above, he may be revoked and Bureau may bring an action for additional violations of the Securities Law.

a) Kolinsky Wealth Management, any successor, or any investment adviser controlled by Kolinsky shall hire an independent consultant to provide compliance, training and review and create written supervisory procedures which shall be immediately implemented. Quarterly, the consultant shall provide a review to ensure compliance with the procedures implemented. These quarterly reviews and any findings and/or recommendations must be memorialized in writing and be undertaken by the consultant for a period of at least two years.

b) If Kolinsky applies for agent registration with the Bureau and his application is accepted, his registration will be restricted with a Heightened Supervision Agreement. The Heightened Supervision Agreement shall be required to be signed by the employing firm, the supervisor and Kolinsky. The terms of the Heightened Supervision Agreement will be finalized during the application process, and shall include, but not be limited to the following:

- a. Kolinsky shall receive strict supervision as an agent by a qualified employee of the firm, who shall not be directly compensated by Kolinsky, or any entity under his direction, authority, or control;
- b. Kolinsky shall not exercise any discretionary authority in a customer account;
- c. Kolinsky shall not have any legal or beneficial ownership interest, nor exercise any direct or indirect involvement in the direction or control of any broker-dealer or branch office thereof, however nothing herein shall prohibit him from sharing profits generated from activities of the branch office;
- d. Kolinsky shall not transact the sale of any private placements and securities, unless that security is exempt from registration in New Jersey pursuant to N.J.S.A. 49:3-50(a)(8), e.g., it is listed on the New York Stock Exchange, the American Stock Exchange, the Nasdaq/Global Select Market, Nasdaq /Capital Market, Nasdaq/ Global Market, the Philadelphia Stock Exchange Tier 1 Securities, the Pacific Stock Exchange Tier 1 Securities, the Chicago Board Options Exchange, or the Chicago Stock Exchange equities or compliance department of Kolinsky's employing broker-dealer has approved the private placement to be sold firm-wide.

Kolinsky may not offer or sell a private placement in which he or a family member has any management or control position;

e. Kolinsky shall not maintain any joint brokerage and/or commission accounts with any other agent or investment adviser representative, or be permitted to share commissions with any individual other than as provided by law or regulatory authority.

5. Kolinsky is assessed a civil monetary penalty in the amount of \$80,000.00 pursuant to N.J.S.A. 49:3-70.1. \$20,000 of the penalty will be suspended if \$60,000.00 is paid in installments of \$5,000.00 on the 1st of each month with the first payment due on April 1, 2011. The civil monetary penalty payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

GENERAL PROVISIONS

6. Pursuant to N.J.A.C. 1:1-19.1(d) this Consent Order shall be deemed the final decision as to Steven Kolinsky.

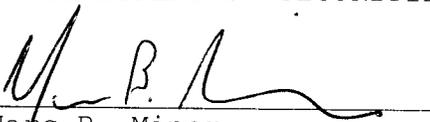
7. Kolinsky shall cooperate fully and promptly with the Bureau and the Office of the Attorney General in any pending or subsequently initiated inquiry, investigation, proceeding or other process relating to the subject of this Consent Order, which shall, without respect to registration status with the Bureau, voluntarily include production of documents,

appearance at times and locations requested by the Bureau, and disclosure of any information relevant to the subject matter of the Consent Order. Failure to perform under the conditions of this Consent Order shall be deemed a failure to cooperate under the Securities Law, and/or entitle the Bureau to specific performance, and any other available remedies.

8. Nothing in this Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.
9. No employee or official of, or person representing, the Bureau or the State of New Jersey has made any additional promise or representation to the Kolinsky regarding this Consent Order.
10. This Consent Order shall not bind any person not a party thereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.
11. Kolinsky agrees that solely for the purpose of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

NEW JERSEY BUREAU OF SECURITIES

BY:



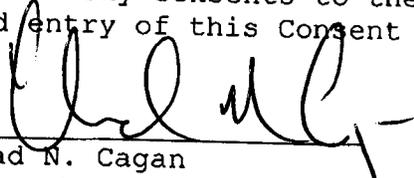
Marc B. Minor
Chief



Mr. Steven Kolinsky

Dated: 3/21/11

The undersigned counsel for
Steven Kolinsky consents to the
form and entry of this Consent Order.

By: 

Chad N. Cagan
Sonnenblick, Parkers & Selvers
4400 Route 9 South
Freehold, NJ 07728

Dated: 3/21/11