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STATE OF NEW JERSEY
BUREAU OF SECURITIES
153 Halsey Street
P.O. Box 47029
Newark, NJ 07101

IN THE MATTER OF

ANDREW GARRETT, INC.

ADMINISTRATIVE CONSENT ORDER

CRD # 29931

This matter was commenced by the issuance of a Summary Order of Penalty Assessment on August 18, 2010, by the Chief of the New Jersey Bureau of Securities (the "Bureau" and the "Bureau Chief"), which assessed a civil monetary penalty against Respondent Andrew Garrett, Inc. ("Garrett") regarding Kevin P. Brennan ("Brennan"), an agent of Garrett. After due consideration of documentation provided by Garrett and Brennan showing mitigating factors and corrective action, Garrett, through counsel, and the Bureau now desire to settle this matter as set forth below.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Bureau Chief makes the following findings of fact and conclusions of law, which Garrett neither admits nor denies:

1. Garrett 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 Brennan, contingent upon signing a heightened supervisory agreement ("Supervisory Agreement") pursuant to N.J.A.C. 13:47A-3.1(d).
3. The Bureau Chief issued a Summary Revocation and Penalty Order on August 18, 2010 against Brennan, pursuant to which Brennan's registration with the Bureau as an agent was revoked.

Brennan Orders

4. On August 25, 2008, the Iowa Insurance Commissioner issued a Summary Order denying Brennan's application for a securities agent license in the State of Iowa ("Iowa Order"). Iowa's decision was based in part on: (a) Brennan's entering into a consent order with FINRA on July 31, 2007, in which Brennan's registration with FINRA was suspended for a period of sixty days and he was assessed a fine in the amount of \$20,000; and (b) Brennan's entering into a consent order with the State of Connecticut on March 24, 2008, in which the State of Connecticut revoked his registration as a securities agent and also barred him from reapplying for a

period of seven years.

5. On September 9, 2009, Brennan signed a Letter of Acceptance, Waiver and Consent (the "AWC") with FINRA in which Brennan consented to findings without admitting or denying that he:
(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.
6. 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.
7. On March 16, 2010, Brennan entered into a consent order with the Securities Division of the Office of the Nevada Secretary of State in which Brennan's license to act as a sales representative acting for a broker dealer in the State of Nevada was revoked ("Nevada Order").

Supervisory Agreement

8. As a condition to Brennan's registration with the Bureau as an agent, Brennan signed the Supervisory Agreement on April

24, 2009. John McHoul (CRD # 2073969) ("McHoul"), then as Branch Supervisor of Garrett, signed the Supervisory Agreement on behalf of Garrett on April 24, 2009, and Mark Maurer (CRD # 1496683), as Chief Compliance Officer of Garrett, signed the Supervisory Agreement on behalf of Garrett on April 27, 2009.

9. Paragraph 14 of the Supervisory 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."
10. Paragraph 15 of the Supervisory 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."
11. Paragraph 5 of the Supervisory 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.”
12. The Supervisory Agreement states that all required notifications “shall be addressed to the Supervisor, Agent Registration” at the Bureau’s current office address.
 13. 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.
 14. It came 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 the AWC to FINRA in response to allegations that Brennan: (i) failed reasonably to supervise registered representatives who conducted and operated a securities business from an unregistered branch office; and (ii) 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 \$60,000; and
- 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.
15. Brennan and Garrett 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 Supervisory Agreement.
16. Brennan and Garrett failed to notify the Bureau of FINRA's actions involving Brennan, as required by paragraph 14 of the Supervisory Agreement.
17. Brennan and Garrett failed to notify the Bureau of the State of Nevada's actions involving Brennan, as required by

paragraph 14 of the Supervisory Agreement.

18. Garrett failed to conduct reviews of Brennan's securities activity on a monthly basis as required by paragraph 15 of the Supervisory Agreement, and the contents of any such reviews conducted by Garrett are insufficient to satisfy the Bureau's concerns that Brennan was being appropriately supervised.
19. Garrett failed to notify the Bureau of 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 Supervisory Agreement.
20. During the relevant time period herein, Garrett failed to:
 - (1) 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 Supervisory Agreement;
 - (2) maintain sufficient memoranda memorializing monthly reviews of Brennan's securities activity as required by the Supervisory Agreement;
 - and (3) submit the name and CRD number of Brennan's replacement supervisor as required by the Supervisory 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.

21. Garrett acknowledges that it did not memorialize monthly review of Brennan by memorandum.
22. The Supervisory 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."
23. Garrett and Brennan have provided information to the Bureau which sets forth mitigating factors and certain corrective action taken by Garrett since at least April 21, 2009.

Therefore, based on the findings of fact, conclusions of law, certain mitigating factors and corrective action, and for the protection of the public interest, it is on this 10th day of May, 2011, hereby **ORDERED and AGREED:**

24. The civil monetary penalty set forth in the Summary Order of Penalty Assessment issued August 18, 2010 pursuant to N.J.S.A. 49:3-70.1, is reduced to \$7,500, and shall be paid to the Bureau upon execution of this order.

GENERAL PROVISIONS

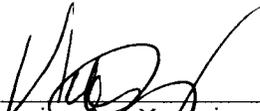
25. Garrett, by its signature below, in consideration of its desire to resolve the issues herein and having had full opportunity to consult with counsel, hereby consents to the jurisdiction of the Bureau and voluntarily waives any right to assert any defenses, or to raise any challenge that it

otherwise may have had to the Summary Order of Penalty Assessment issued August 18, 2010, and this Administrative Consent Order.

26. This Administrative Consent Order shall not bind any person not a party thereto. Each of the undersigned has read this Administrative Consent Order, understands it, and agrees to be bound by its terms.
27. Garrett agrees that for purposes of this matter or future proceedings to enforce this Administrative Consent Order that this Administrative 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.
28. Garrett shall not represent or imply that any act or practice hereinafter used or engaged in by Garrett has been required or approved, in whole or in part, by the State of New Jersey, the Attorney General of New Jersey, the Division of Consumer Affairs, the Bureau of Securities, or any of the State's agencies, agents or subdivisions.


~~Marc B. Minor~~ **AMY KOPLETON**
Acting Chief, Bureau of Securities

PAULA T. DOW
Attorney General of New Jersey

By: 
Victoria A. Manning
Deputy Attorney General

Dated: 5/9/11

The undersigned has reviewed this Administrative Consent Order, and had legal counsel before signing it, and agrees to be bound by the terms herein.

I consent to the form and entry of this Administrative Consent Order

ANDREW GARRETT, INC., Respondent

By: 
Print Name:
ALBERT AKERMAN
Title:
CCO & MD

Dated: 5/4/11

PICKARD AND DJINIS LLP
1990 M Street, N.W.
Washington, DC 20038
Counsel for Respondent
Andrew Garrett, Inc.

reviewed

By: 
Paul J. Bazil, Esq.

Dated: 5/6/11