

OFFICE OF THE ATTORNEY GENERAL  
BUREAU OF SECURITIES  
STATE OF NEW JERSEY  
153 HALSEY STREET  
P.O. BOX 47029  
NEWARK, NEW JERSEY 07101

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IN THE MATTER OF: :  
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Newbridge Securities :  
Corporation : **CONSENT ORDER**  
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 :  
CRD #104065 :  
Respondent. :  
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Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (“Bureau Chief”) by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the “Securities Law”), and after investigation, careful review, and due consideration of the Bureau’s records and certain documents provided to the Bureau, the Bureau Chief has determined that a civil monetary penalty and other remedies shall be issued against Newbridge Securities Corporation (“Newbridge”).

**WHEREAS**, the New Jersey Bureau of Securities (“Bureau”) is the State agency with the responsibility to administer and enforce the New Jersey Uniform Securities Law (“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 reasonably necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary and appropriate in the public interest for the protection of investors or consistent with the purposes fairly intended by the provisions of the Securities Law; and

**WHEREAS**, Newbridge is a broker-dealer registered with the Bureau since October 2000; and

**WHEREAS**, the Bureau has conducted an investigation into certain activities by Newbridge during the period of January 2008 until December 2011 (the “Relevant Period”); and

**WHEREAS**, Newbridge and the Bureau Chief wish to resolve these issues in accordance with the terms of the settlement and without the expense and delay that formal administrative proceedings would involve; and

**WHEREAS**, Newbridge consents to the form and entry of this Consent Order. Accordingly, Newbridge waives the following rights:

- a. To be afforded an opportunity for a 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 contest, the validity of this Consent Order; and

**WHEREAS**, this Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against Newbridge for the conduct described herein.

#### **FINDINGS OF FACT**

The Bureau Chief makes the following findings of fact, which Newbridge neither admits nor denies:

1. Newbridge (CRD # 104065) has been registered as a broker-dealer with the Bureau since October 18, 2000 and maintains a primary business address at 1451 West Cypress Creek Road, Suite 204, Fort Lauderdale, FL 33309.
2. During the relevant time period, Newbridge charged New Jersey customers a transactional “Handling Fee” in addition to the commission charged for each trade.
3. Newbridge’s Fee Schedule provided to customers stated that it would charge a “Handling Fee” of “up to \$49.95” during 2008 and 2009 and “up to \$39.95” during 2010 and 2011. The fee actually charged to New Jersey customers ranged from \$0 to \$59.95.
4. However, the actual fees charged to Newbridge from its clearing agent, Legent Clearing (“Legent”) (CRD # 117176), ranged from \$8.00 to \$10.50.
5. Newbridge failed to disclose to its customers that the charged “Handling Fee” (i) was not uniformly charged to all customers, (ii) was not based on the costs of handling a particular transaction, (iii) included a profit to the firm, and (iv) included a rebate to registered representatives and/or branch offices.
6. Additionally, in 2009, there were at least three (3) transactions where New Jersey customers were charged a “Handling Fee” of \$59.95, instead of “up to \$39.95” for individual securities transactions.
7. Newbridge’s practice of charging the “Handling Fee” resulted in substantial profits to both Newbridge and its agents.

8. Newbridge's misstatements and omissions were material to investors and its failure to adequately disclose the nature of the "Handling Fees" made the firm's disclosures to customers misleading.

#### CONCLUSIONS OF LAW

9. Solely for the purposes of this Consent Order, Newbridge consents to the Bureau Chief making the following conclusions of law:
- a. Newbridge made materially false and misleading statements and/or omissions regarding the "Handling Fees" charged to New Jersey clients in violation of N.J.S.A. 49:3-52(b);
  - b. Newbridge made inadequate disclosure to customers regarding its handling fees resulting in an unreasonable profit constituting dishonest or unethical practices in the securities business as described in N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(vii) and N.J.A.C. 13:47A-6.3(9), (11) and (12); and
  - c. Newbridge's conduct described in this Consent Order violates FINRA Conduct Rules 2210, 2430 and 2440 constituting dishonest or unethical business practices in the securities business as described by N.J.S.A. 49:3-58(a)(1) and (a)(2)(vii) and N.J.A.C. 13:47A-6.3(28).
10. The activities set forth herein are grounds, pursuant to N.J.S.A. 49:3-70.1 to assess civil monetary penalties against Newbridge.

**THEREFORE, IT IS** on this 1<sup>ST</sup> day of FEBRUARY, 2013, **HEREBY ORDERED AND AGREED THAT:**

11. Newbridge, its representatives, agents, employees, affiliates, assigns, or successors in interest shall cease and desist from engaging in conduct constituting or which

would constitute a violation of the Securities Law or any Regulation, either directly or through any person, organization or other device.

12. Newbridge shall make restitution in the following manner:

- a. Within thirty (30) days from the date this Order, Newbridge shall grant each current and existing New Jersey customer affected by the aforementioned handling fees a ten percent (10%) discount on all fees and/or commission charges in all accounts owned by the affected New Jersey customers for six (6) months following the execution of this Order.

13. Newbridge is hereby assessed and shall pay a civil monetary penalty in the amount of \$15,000, due and payable upon execution of this Consent Order to “State of New Jersey, Bureau of Securities”, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, NJ 07102, or to be mailed to “New Jersey Bureau of Securities”, P.O. Box 47029, Newark, NJ 07101. The civil monetary payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

GENERAL PROVISIONS

1. Pursuant to N.J.A.C. 1:1-19.1(d), this Consent Order shall be deemed the final decision as to Newbridge.
2. Nothing in this Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.
3. No employee or official of, or person representing, the Bureau of the State of New Jersey has made any additional promise or representation to Newbridge regarding this Consent Order.
4. 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.
5. Newbridge agrees that solely for the purpose of settling this matter or any 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.

By: Abbe A. Tiger

Abbe Tiger, Bureau Chief  
New Jersey Bureau of Securities

By: Robert P. Spitzer

Name: **Robert P. Spitzer**  
Title: **President & CFO**  
Newbridge Securities Corporation

January 29, 2013

DATED: