

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:)
Joseph Michael Palermo)
Respondent) ORDER TO CEASE AND DESIST
) COM2015-00012
)
)

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:26,III-a, every person who directly or indirectly controls a person liable under 421-B:26,III, may upon hearing, and in addition to any other penalty provided for by law, be subject to a fine, and suspension, revocation, or denial of any registration or license.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of New Hampshire securities law and rules.

Pursuant to RSA 421-B:26, the Secretary of State my order restitution for violations of this chapter.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondent has the right to request a hearing on this order to cease and desist, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be signed by the respondent, or by the duly authorized agent of the above named respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:23, I, if respondent fails to request a hearing on this order within 30 calendar days of receipt of this order, respondent shall be deemed in default, and this order to cease and desist shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstances require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated December 21, 2017, (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested, therefore:

It is hereby **ORDERED**, that:

1. Respondent is hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. Respondent shall pay restitution as set forth in the Bureau's Petition in the amount of \$8,500 plus statutory interest.
3. Respondent shall pay an administrative fine of \$5,000.00 and investigation costs in accordance with RSA 421-B:22.
4. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered and administrative penalties and other relief described herein being imposed upon the defaulting Respondent.

SIGNED,
WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

Dated: 12.21.17

A handwritten signature in black ink, appearing to read "Barry J. Glenn", written over a horizontal line.

BARRY J. GLENNON, DIRECTOR,
BUREAU OF SECURITIES REGULATION

STATE OF NEW HAMPSHIRE
BUREAU OF SECURITIES REGULATION
DEPARTMENT OF STATE
25 CAPITOL STREET
CONCORD, NH 03301

STAFF PETITION FOR RELIEF
IN THE MATTER OF:

JOSEPH MICHAEL PALERMO
COM2015-00012

STATEMENT OF ALLEGATIONS

- I. The staff of the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as the "Bureau") alleges the following issues of fact:
1. Joseph M. Palermo (hereinafter "Palermo") has a last known address of 201 Middlesex Street, Apt. 401, Lowell, Massachusetts 01852. During the course of this alleged investment fraud, at times he resided on Cape Cod, Massachusetts and in Derry, New Hampshire. At the time of this alleged investment fraud, Investor #1 was a resident living in New Jersey. The course of this alleged fraud occurred from about 1999 to about 2003.
 2. In about 1992, Investor #1 got to know Palermo when Investor #1 worked as a factory and parts representative for Isuzu automobiles and Palermo was the sales manager for the Showcase Izusu dealership located in Bourne, Massachusetts. Investor #1 use to make business visits to Palermo and the Isuzu dealership as part of his employment with Isuzu. From about 1999 to about 2003, Palermo solicited Investor #1 to invest in a scheme to buy a new car dealership in New Hampshire which Palermo would purchase and then offer Investor #1 employment and a possible partnership. As part of the solicitation scheme, Palermo would drive Investor #1 around to various car dealerships located in New Hampshire. One was a Subaru dealership in Derry, New Hampshire and the other was a General Motors dealership in Manchester, New Hampshire. Palermo solicited investment money from investor #1 and would represent to Investor #1 his intention on seeking to purchase a new car dealership.
 3. From 1999 and the years leading up to 2003, Investor #1 gave Palermo Eight Thousand Five hundred Dollars (\$8500.00) to invest in the car dealership business. To memorialize the investment, Palermo gave Investor #1 a promissory note signed on 2/19/03 for the eight thousand five hundred Dollars plus interest owed to Investor #1 of (\$1695.25) one thousand six hundred ninety-five dollars and twenty-five cents for a total owed of (\$10,195.25) ten thousand one hundred ninety-five dollars and twenty-five cents. The promissory note was faxed to Palermo from Investor #1 in New Jersey and was signed by Palermo in Derry, New Hampshire and mailed back to

Investor #1's residence in New Jersey. The note is dated 2/13/2003. Under the terms of the note, Palermo would owe 8% interest from 7/1/2003 forward. In 1999, Palermo paid back some of the money taken from Investor #1.

4. In reality upon information and belief there was no deal for Palermo to buy a car dealership and Palermo took the money from Investor #1 and did not pay it back.
5. The Bureau attempted to locate Palermo to question him about this complaint, but the Bureau was unable to locate Palermo since the start of this investigation in 2015.

STATEMENT OF LAW

II. The Staff of the Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder:

1. Palermo is a "Person" within the meaning of RSA 421-B:2.
2. The promissory note is a "security" within the meaning of RSA 421-B:2.
3. The offer to distribute the promissory note to Investor #1 listed above constitutes an "offer" and a "sale" within the meaning of RSA 421-B:2 and 421-B:3.
4. Pursuant to RSA 421-B:3, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: To employ any device, scheme, or artifice to defraud or make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading or to engage in any act, practice, or course of business which operates or would operate as fraud or deceit upon any person. Palermo violated these provisions by indicating to Investor #1 that he was going to invest Investor #1 money in buying a new car dealership when in reality no such purchase took place and Palermo took as his own the money of Investor #1.
5. Pursuant to RSA 421-B:22, the Bureau can recover the cost of its investigation if Palermo is found to have violated RSA 421-B.
6. Pursuant to RSA 421-B:23, whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to

cease and desist from violations of this chapter. Palermo, is subject to this section for violations of RSA 421-B:3.

7. Pursuant to RSA 421-B:26,III, any person who, either knowingly or negligently, violates any provisions of this chapter may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. Palermo is subject to a suspension, revocation, or denial, and a fine for violations of RSA 421-B:3.
8. Pursuant to RSA 421-B:26,V, the Bureau can order that restitution be paid for violations of RSA 421-B.

RELIEF REQUESTED

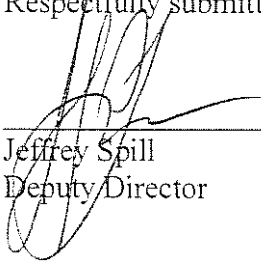
The staff of the Bureau requests the Director take the following action:

1. Find as fact the allegations contained in section I of the Statement of Allegations of this petition.
2. Make conclusions of law as stated in section II relative to the allegations contained in section I of this petition.
3. Issue an order to cease and desist in accordance with RSA 421-B:23.
4. Order Respondent Palermo to pay administrative penalties of \$5,000 for violations of RSA 421-B:3.
5. Order Palermo to pay restitution to Investor #1 in the amount of \$8,500.00 plus interest.
6. Order Palermo to pay the cost of the investigation in accordance with RSA 421-B:22.
6. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of the Act.

RIGHT TO AMEND

The Bureau's Staff reserves the right to amend this Petition for Relief and to request that the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under this NH RSA 421-B or the regulations thereunder.

Respectfully submitted by:



Jeffrey Spill
Deputy Director

December 21, 2017
