



Barry Glennon
Director

State of New Hampshire

Department of State Bureau of Securities Regulation

107 North Main Street, State House Rm. 204
Concord, NH 03301-4989
Telephone: (603) 271-1463. Fax: (603) 271-7933

FOR IMMEDIATE RELEASE

CONTACT: Jeffrey Spill
Deputy Director
(603) 271-1467

NH SECURITIES BUREAU PERMANENTLY BARS DAVID F. BROCHU AND TAKES ACTION TO RECOVER INVESTOR FUNDS

CONCORD, NH (February 18th, 2016) – The New Hampshire Bureau of Securities Regulation announces that on February 17th, 2016, it issued an order barring David F. Brochu from securities licensing in any capacity and from issuing securities in New Hampshire. The order was based on Brochu's activities as an investment advisor while running his investment advisory firm, Kleossum, Inc. in North Conway, New Hampshire. The order outlines that between June 2010 and February 2014, Brochu, a licensed investment advisor for his advisory firm Kleossum, solicited his clients and sold security interests to his clients in three limited liability companies and Kleossum, which directly benefitted Brochu. The order also identifies additional violations including Brochu's failure to disclose material conflicts of interest to his clients, Brochu's misappropriation of investor funds, Brochu's sale of unsuitable investments to clients, and Brochu's borrowing of money from clients.

As part of the order, Brochu is required to pay restitution in the amount of one million, three hundred and sixty-five thousand dollars (\$1,365,000), a fine of one hundred thousand dollars (\$100,000), and the Bureau's costs of twenty-five thousand dollars (\$25,000). Over thirty-two thousand dollars (\$32,000) has already been recovered for investors through the Bureau's efforts in liquidating certain personal and real property located in the Conway that was purchased with the funds of Brochu's clients. More money was obtained through the sale of land located in Chatham, New Hampshire that had also been purchased with Brochu client funds. These recovered funds will offset the amount owed by Brochu.

-MORE-

Jeffrey Spill, Deputy Director, stated that, “As was the case here, one of the key objectives of the Bureau is to try and make injured investors whole in these matters. In this case the Bureau engaged in substantial efforts to locate and liquidate assets for the payment of restitution.” Spill added that “in the past year, the Bureau has obtained orders for the payment of over three million dollars in restitution and rescission in multiple cases directed at both licensed and unlicensed actors and entities.”

Bureau Staff Attorney Eric Forcier said that “investment advisers are fiduciaries and have a duty to disclose conflicts of interest to their clients. Here, Brochu breached this duty selling securities to his clients without telling them that he would benefit personally from the sale.”