

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

IN THE MATTER OF:)	
)	
James O'Connell)	ORDER TO CEASE AND DESIST
)	
Respondent)	INV2021-00027
)	

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:6-604(a)(1), 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 the 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.

Pursuant to RSA 421-B:5-508, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:6-603 or RSA 421-B:6-604, or who violates RSA 421-B:5-505 knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony.

Pursuant to RSA 421-B:6-604(d), the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for a single violation.

Pursuant to RSA 421-B:6-604(g), the Secretary of State may charge the actual cost of an investigation or proceeding for a violation of this chapter or an order issued under this chapter.

NOTICE OF RIGHT TO REQUEST A HEARING

Under the provisions of RSA 421-B:6-604, the above named respondent has the right to request a hearing on this order to cease and desist.

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: 6-604(b), within 15 days after receipt of a request in a record from the respondent, the matter will be scheduled for a hearing. If the respondent subject to the order do not request a hearing and none is ordered by the secretary of state within 30 days after the date of service of the order, the order becomes final. If a hearing is requested or ordered, the secretary of state, after notice of and opportunity for hearing to the respondent subject to the order, may modify or vacate the order or extend it until final determination. If the respondent to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, such respondent shall be deemed in default, and the

proceeding may be determined against him or her upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated May 12, 2022, (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 an administrative fine of \$30,000.
3. Respondent shall pay the Bureau's costs of \$10,000.
4. Respondent is barred from any securities business, licensure and securities registration in the State of New Hampshire.

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,
DAVID SCANLAN
SECRETARY OF STATE
BY HIS DESIGNEE:

Dated: 5.16.22.



BARRY J. GLENNON, DIRECTOR,
BUREAU OF SECURITIES REGULATION

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

STAFF PETITION FOR RELIEF

IN THE MATTER OF:

James O'Connell

INV2021-00027

- I. The staff of the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as the "Bureau") hereby petitions the Director, and makes the following statements of fact:

STATEMENTS OF FACT

1. James Patrick O'Connell (hereinafter "O'Connell"), CRD #2529284 resides in Gloucester, Massachusetts. O'Connell ran an advisory firm established in June 2007, also located in Gloucester called JP O'Connell Financial, LLC. O'Connell was a licensed investment advisor in the State of New Hampshire, however, his license in New Hampshire has been terminated since 12/31/2010. O'Connell was also a licensed investment advisor in the State of Massachusetts, however, his Massachusetts license was not renewed after 12/31/2014. It is believed that O'Connell no longer operates JP O'Connell Financial, LLC and that entity was involuntarily dissolved in April 2011.
2. When O'Connell ran JP O'Connell Financial, LLC, in July 2007 he signed an agreement with Charles Schwab Institutional (hereinafter "Schwab") called the Investment Manager Service Agreement. Under that agreement, Schwab Advisor Services served O'Connell as an independent investment advisor and provided custody, trading, and support services to his investment advisory business and customers. Under the Advisory Services Agreement, clients of O'Connell authorized Schwab to debit their accounts for O'Connell's advisory fees which

ceased when Schwab removed O'Connell from the Advisory Service platform. O'Connell utilized Schwab's Advisory Services platform beginning in July 2007 until Schwab removed O'Connell from the platform in November 2012 for failing to be licensed as an investment advisor. According to Schwab records there were approximately 58 O'Connell customers residing in New Hampshire that utilized Schwab services through O'Connell Financial, LLC. When the Advisory Services Agreement with O'Connell was terminated, Schwab sent a letter in December 2012 to all of O'Connell's customers notifying them of their action and informing them that O'Connell was no longer authorized to utilize Schwab services but that they could maintain their accounts at Schwab.

3. Despite the actions of Schwab, and despite the fact that O'Connell was unlicensed, he continued to give investment advice to his New Hampshire customers for compensation and while he was unlicensed as an investment advisor in New Hampshire. During the Bureau's investigation of this matter, the Bureau learned about two significant aspects of O'Connell's ongoing illegal conduct. First, the Bureau obtained e-mails dated in 2020 and 2021 sent by O'Connell to a group of customers including New Hampshire customers evidencing his ongoing advisory business and touting the value and advisability of investing in various communications stocks and on a regular basis he reported on and issued analysis on such stocks such as: Corning Incorporated (GLW), Advanced Micro Devices, Inc. (AMD), Qurvo, Inc. (QRVO) and Ribbon Communications (RBBN). Second, the Bureau obtained the bank account records of O'Connell which revealed that over the course of several years from 2017 to 2022, O'Connell received and deposited into his bank account numerous checks from New Hampshire customers for varying amounts with notations on the memo line that indicated "fee" and "Mgmt Fee". By way of example, the spreadsheet in Table 1 below lists some of the checks from Investor #1 a married couple from Rochester, New Hampshire, Investor #2 from Londonderry, New Hampshire and Investor #3 from Nashua, New Hampshire:

Table 1.

Date	Source: Holy Rosary Credit Union/memo line	Source: Bank of America/memo line	Source: TD Bank Memo line	Amount
Investor #1				
6/9/2017	X			\$509.02
2/1/2022	X			\$500
1/2/2022	X			\$500
1/4/2021	X "Fee"			\$1,105.34
Investor #2				
6/6/2017		X		\$66.39
2/7/2022		X		\$125
1/8/2022		X		\$125
12/13/2021		X		\$125
Investor #3				
6/25/2017			X "Mgmt fee"	\$187.19
3/20/2022			X "Mgmt fee"	\$426.18
2/14/2021			X "Mgmt fee"	\$463.46
1/29/2021			X "Mgmt fee"	\$466.83

STATEMENTS 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, N.H. RSA 421-B, and regulations thereunder:

1. O'Connell is a "person" within the meaning of N.H. RSA 421-B:102(39).

2. O'Connell transacted investment advisory business in New Hampshire as defined by RSA 421-B:1-102(26).
3. Pursuant to RSA 421-B:4-403(a) it is unlawful for any person to transact business in this state as an investment advisor unless such person is licensed under RSA 421-B or exempt from licensing. O'Connell is in violation of this section for transacting business as an unlicensed investment advisory service by rendering investment advice to customers for a fee.
4. Pursuant to RSA 421-B:6-604(d), in a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation. In addition, every such person who is subject to such civil penalty, upon hearing, and in addition to any penalty provided by law, be subject to such suspension, revocation, or denial of any registration or license, or be barred from registration or licensure. O'Connell is subject to this provision and should be fined up to \$2,500 for each and every payment for unlicensed investment advisory services perpetrated on Investors #1, Investor #2 and Investor #3 by O'Connell and he be barred from any further securities business in New Hampshire.
5. Pursuant to RSA 421-B:6-604(a), if the secretary of state determines that a person has, is, or is about to materially aid in an act, practice, or course of business constituting a violation of this chapter, the secretary of state may issue an order directing the person to cease and desist from engaging in an act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter. O'Connell is subject to this section and should be required to cease and desist from engaging in the conduct as described in the Statements of Fact for violations of RSA 421-B:4-403(a).
6. Pursuant to RSA 421-B:6-604(g), in any investigation to determine whether any person has violated any rule or order under this title, the secretary of state shall be entitled to recover the costs of the investigation. O'Connell is subject to this provision and should be ordered to pay the Bureau's costs.

RELIEF REQUESTED

III. The staff of the Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act:

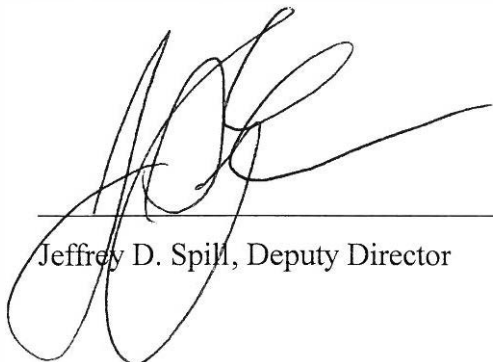
1. Find as fact the allegations contained in section I of the Statements of Fact of this petition.

2. Make conclusions of law as stated in section II relative to the allegations contained in section I of this petition.
3. Order O'Connell to permanently cease and desist from further violations of N.H. RSA 421-B:6-604.
4. Order O'Connell permanently barred from any securities business, licensure and securities registration in the State of New Hampshire, in accordance with N.H. RSA 421-B.
5. Pursuant to N.H. RSA 421-B:6-604, order O'Connell to pay an administrative fine of Thirty Thousand Dollars (\$30,000).
6. Pursuant to N.H. RSA 421-B:6-604, order O'Connell to pay the Bureau's costs of investigation in an amount of Ten Thousand Dollars (\$10,000).
7. Take such other actions as necessary for the protection of New Hampshire investors and enforcement of N.H. RSA-421-B.

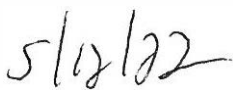
RIGHT TO AMEND

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

Respectfully submitted by:



Jeffrey D. Spill, Deputy Director



Date