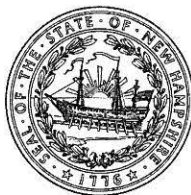


NEW HAMPSHIRE DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION



Barry J. Glennon  
Director

**FOR IMMEDIATE RELEASE**

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**NH BUREAU OF SECURITIES REACHES RECORD  
SETTLEMENT WITH MERRILL LYNCH**

**CONCORD, NH (December 7th, 2020)** – Today, the New Hampshire Bureau of Securities Regulation settled its case against New York based broker-dealer Merrill Lynch and its agent Charles Kenahan instituting its largest monetary sanction in Bureau history. Merrill Lynch was assessed a fine of \$1,750,000 plus costs of \$250,000. In addition, Kenahan was permanently barred from the securities business in New Hampshire and Merrill Lynch was ordered to pay restitution of \$24,250,000 and was ordered to maintain compliance undertakings specifically put in place to address the compliance failures uncovered by the Bureau's investigation.

The Bureau's action cites Merrill Lynch for failing to supervise Kenahan and that Kenahan traded without authorization, mismarked trade confirmations, excessively traded stocks and initial public offerings, over charged commissions, and inappropriately traded inverse and leveraged products. The misconduct lead to high commissions for Merrill Lynch and Kenahan and heavy losses for the investor. Kenahan was terminated in July 2019 and the investor moved his the accounts away from Merrill Lynch.

The harmed investor from Rye, New Hampshire, complained to the Bureau in January 2019. The investor and his family are of high net worth and entrusted Merrill Lynch and Kenahan with several brokerage accounts of substantial value. The investor had been a client of Merrill Lynch and Kenahan since Kenahan moved over to Merrill Lynch from

his previous broker-dealer in 2007. Although the New Hampshire investor was knowledgeable about securities markets, he entrusted Merrill Lynch and Kenahan to recommend investment strategies and securities utilized in the family accounts. One such recommendation was for the purchase of a company called Monitise, a low priced stock not even followed by Merrill Lynch research. Kenahan repeated this conduct across multiple customer accounts. The New Hampshire investor lost millions of dollars in Monitise and in other low priced stocks.

“This case is about an abuse of trust committed by Merrill Lynch and Kenahan”, said Jeff Spill, Deputy Director and head of enforcement for the Bureau. The investor trusted Merrill Lynch and Kenahan to give him good advice and act in good faith. Ultimately, Kenahan’s recommendations benefited Kenahan and Merrill Lynch and not the investor. Brian Linares, a staff attorney who also worked on the case, stated that, “investors should be able to trust and have full-faith in their financial advisors, and Merrill Lynch and Kenahan broke that trust. Merrill Lynch and Kenahan are being held accountable for their actions”.

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