

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

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Saliba Managed Funds, Inc.)
Thomas H. Saliba)
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Respondents)

No. COM.2013-00018

CONSENT ORDER

- I. For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, Saliba Managed Funds, Inc. (hereinafter referred to as "SMF"), and Thomas H. Saliba (hereinafter "Saliba") have submitted an offer of settlement, which the State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as "the Bureau") has determined to accept. Accordingly, the Respondents, without admitting or denying the allegations do hereby consent to the following findings, conclusions, undertakings and sanctions:

ALLEGATIONS OF FACTS

1. SMF was a Securities and Exchange Commission registered and federally covered investment advisory business located at 53 Clearwater Drive, Dover, New Hampshire 03820 from 5/2/2006 to 6/2/2008. The CRD number is 140179. Saliba was a licensed investment adviser representative, owner, president and chief executive officer of SMF in New Hampshire from 4/7/2006 to 2/2/2007. SMF operated in New Hampshire under the business name of Spar Cove Associates, Inc. which was originally formed in Freeport, Maine in about 1985.
2. In about November 2005, SMF moved its business location from Pleasant Hill Road, Scarborough, Maine to the Dover, New Hampshire address. At the time, SMF had 22 investment advisory clients, 15 of which were Saliba personal or

family accounts, two of which were accounts for friends of Saliba and were not charged fees, and five of which were outside accounts, that Saliba managed and traded for utilizing E-Trade accounts. For some of the accounts, Saliba charged fees and for some family member accounts he did not charge fees. The management fees charged were 2 percent based on the account value. SMF had about \$27 million of assets under management.

3. From November 2005 until they notice filed on April 7, 2006 and May 2, 2006, respectively, Saliba and SMF were not licensed in New Hampshire. Saliba was never licensed as a broker-dealer agent and SMF was never licensed as a broker-dealer.
4. SMF and Saliba gave up their New Hampshire licenses on June 2, 2008 and February 2, 2007 respectively. However, SMF and Saliba continued to manage the securities account of the Cy Twombly Foundation of New York, New York, and established in Delaware in 2005 (hereinafter "the Foundation") and in the year 2012, Saliba, while acting as a member of the Foundation's Board of Directors and Treasurer of the Foundation, was paid fees of over \$300,000 based upon a percentage of the Foundation's assets under management which was about \$75 million.

STATEMENTS OF LAW

1. SMF was an "investment advisor" and "broker-dealer" within the meaning of RSA 421-B:2, IX and 421-B:2, III.
2. Saliba was an "investment advisor representatives" and "broker-dealer agent" within the meaning of RSA 421-B:2, IX-a and 421-B:2, II.
3. Some of the 22 clients and the Foundation were provided with investment advisory and account management services for compensation within the meaning of RSA 421-B:2, IX.
4. SMF and Saliba acted as an unlicensed investment adviser, investment adviser representative and broker-dealer and broker-dealer agent pursuant to RSA 421-B:6.
5. Pursuant to RSA RSA 421-B:10 and 421-B:21, the Bureau can order that Saliba and SMF be barred from licensure.
6. Pursuant to RSA 421-B:22, the Bureau can order costs of the investigation.

7. 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. SMF and Saliba are subject to this section for violations of 421-B.
8. 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. SMF and Saliba are subject to a suspension, revocation, or denial, and a fine for violations of RSA 421-B:6.

II. In view of the foregoing, the Respondents agree to the following undertakings and sanctions:

1. Respondents agree that they have voluntarily consented to the entry of this Order and represent and aver that no employee or representative of the Bureau has made any promise, representation or threat to induce their execution.
2. Respondents agree to waive their right to an administrative hearing and any appeal therein under this chapter.
3. Respondents agree to cease and desist from violations under this chapter.
4. Respondents agree not to reapply for licensure in the State of New Hampshire until on or after January 1st, 2017. Upon reapplication for licensure, Saliba agrees to be under heightened supervision.
5. Respondents shall pay an administrative fine in the amount of \$40,000 upon execution of this Consent Order. Payment shall be made out to the State of New Hampshire and be paid by certified check or money order. The payment shall be delivered to the Bureau by first class mail.
6. Respondents shall pay costs to the Bureau in the amount of \$15,000 upon execution of this Consent Order. Payment shall be made out to the State of New Hampshire and be paid by certified check or money order. The payment shall be delivered to the Bureau by first class mail.

7. Respondents agree that this Consent Order is entered into for purposes of resolving the matter as described herein. This Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondents which the Bureau has no knowledge at the time of the date of final entry of this order. Should the Respondents fail to abide by this Consent Order, the Bureau in its discretion may withdraw this Order and proceed to a legal proceeding on the merits of this matter or seek to enforce this Order in court and or bring a separate action for a violation of this Order.
8. The Respondents may not take any action or make or permit to be made any public statements, (a) denying, directly or indirectly, any allegation in this Consent Order or (b) create the impression that the Consent Order is without factual basis; provided that nothing in this provision affects the Respondents testimonial rights and obligations or right to take any factual or legal positions in administrative proceedings or in litigation where the Bureau is not a party.

III. Based on the foregoing, the Bureau deems it appropriate and in the public interest to accept and enter into this Order. **THEREFORE, IT IS HEREBY ORDERED THAT:**

1. Respondents cease and desist from further violations of the act.
2. Respondents cannot reapply for licensure in the State of New Hampshire until on or after January 1st, 2017, and Saliba shall be under heightened supervision upon relicensure.
3. Respondents pay costs in the amount of \$15,000 as stated above.
4. Respondents pay a fine in the amount of \$40,000 as stated above.
4. Respondents comply with the above-referenced undertakings.

Executed this 8th day of July, 2014.

Thomas H. Saliba

Saliba Managed Funds, Inc.

Please print name below:

THOMAS H. SALIBA

Executed this 8th day of July 2014

Thomas H. Saliba

Thomas H. Saliba

Entered this 18th day of July, 2014.

Barry A. Glenn

Barry Glennon, Director