

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

IN THE MATTER OF:

Sean C. Grady &  
Grady and Associates, LLC

Respondents

)  
)  
) **ORDER TO CEASE AND DESIST**  
)  
) **COM-2018-0004**  
)

**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), 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: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(e) the Secretary of State may order rescission, restitution or disgorgement for violations of this chapter.

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 respondents have 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 respondents, or by the duly authorized agent of the above named respondents, 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 respondents 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 as to those respondents. If a hearing is requested or ordered, the secretary of state, after notice of and opportunity for hearing to the respondents subject to the order, may modify or vacate the order or extend it until final determination. If the respondents to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, such respondents 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 November 13, 2018, (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. Respondents are hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. Respondents shall pay jointly and severally full restitution to Investor #1 in the amount of \$213,471.36.
3. Respondents shall jointly and severally pay an administrative fine of \$15,000.
4. Respondents shall pay the Bureau's investigation costs of \$10,000.
5. Respondents are barred from the grant of any securities license and registration privileges 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 respondents.

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

Dated: 11-15-18

  
**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:**

Sean C. Grady  
and  
Grady and Associates, LLC

COM2018-0004

**STATEMENTS OF FACT**

- 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. Sean C. Grady (hereinafter "SCG") resided in Portland, Maine. From about September 2011 to the date of his discharge in January 2017, SCG worked as a registered broker-dealer agent for Pruco Securities, LLC (hereinafter "Pruco") in South Portland, Maine. During his employment with Pruco, SCG acquired a customer, Investor #1, who now lives in Charlestown, New Hampshire. Investor #1 is a single elderly retired disabled women age 62. When she was working Investor #1 was a nurse. Investor #1 retired in 2013. Leading up to her retirement Investor #1 was a conservative investor and her goal was always to save money for her retirement. Investor #1's entire investible liquid net worth was about two hundred thousand dollars. In 2014, SCG had her place almost her entire liquid net worth into two Prudential Insurance variable annuities valued at about twenty four thousand dollars

(\$24,000) and one hundred and thirty thousand dollars (\$130,000).

2. While at Pruco, SCG befriended another ex-Pruco agent, Abraham Kauffman (hereinafter “AK”) who currently lives in Portland, Maine. AK is in the construction business and formed a company called Kauffman Construction, LLC fka AK Properties, LLC. Kauffman Construction rehabilitates real estate for resale. In June of 2015, AK also formed Monument Square Capital, LLC (hereinafter “MSC”) for the purpose of raising capital for Kauffman Construction projects.
3. Following SCG’s departure from Pruco, upon information and belief SCG formed Grady & Associates, LLC on or about August 23<sup>rd</sup>, 2017. Grady & Associates, LLC was located at 86 Rockland Ave, Portland, Maine 04102 until it was administratively dissolved on or about December 29<sup>th</sup>, 2017 for failing to pay state fees. Grady & Associates, LLC was reinstated in April 2018. SCG was and is the sole member/manager of Grady & Associates, LLC. On about March 10<sup>th</sup>, 2017, SCG formed Gose Scientific, LLC for the purpose of engaging in the cannabis business. Gose Scientific, LLC went through a name change to Noble Wellness, LLC on or about August 23<sup>rd</sup>, 2017 the same day SCG formed Grady & Associates, LLC.
4. Shortly after leaving Pruco, in about May 2017, SCG arranged a meeting with a prior client Investor #1 at Margarita’s Restaurant on Elm Street, in Manchester, New Hampshire, and solicited Investor #1 to invest her money located at Pruco with him even though SCG was no longer a licensed securities professional. Investor #1 trusted SCG based on their long prior relationship at Pruco, and Investor #1 told the Bureau that SCG, “reminded her of her nephew”. While at the meeting, SCG solicited Investor #1 to surrender one of her Prudential Insurance annuities prior to maturity then worth over two hundred thousand dollars, incur a surrender charge of about fourteen thousand dollars and invest the proceeds into what SCG called a “senior note”. According to Investor #1 and documents provided to Investor #1 by SCG, the senior note represented a non-qualified account numbered 1703563 managed by SCG. According to representations made to Investor #1 by SCG, the account would be a safe and secure investment that would earn twelve percent per year interest the first year and

six percent interest the second and third year. Investor #1 could roll the account value over after the third year. While at this meeting, SCG told Investor #1 that he was involved with selling Cannabis patches and suggested to Investor #1 to try them to help her with her pain associated with her disability. Following the meeting, SCG did actually send Investor #1 some Cannabis patches in the mail. Based upon SCG's solicitation, Investor #1 surrendered in full one of her Prudential variable annuities and had the proceeds of about two hundred and two thousand nine-hundred seventy-one dollars and thirty-six cents (\$202,971.36) routed to her bank account at Claremont Savings Bank, Claremont, New Hampshire. On June 9<sup>th</sup>, 2017, Investor #1 wire transferred the two hundred two thousand nine hundred seventy-one dollars and thirty-six cents (\$202,971.36) from her bank account at Claremont Savings Bank to the bank account of MSC located at the Camden National Bank in Maine. With the beneficiary being AK the manager/owner of MSC. Investor #1's account 1703563 was purportedly credited with two hundred and three thousand dollars as principle. See Exhibit A attached. Investor #1's account was noted in an account statement to have purportedly accrued the value of two hundred twenty-eight thousand two hundred twenty-six dollars and eighty-three cents (\$228,226.83).

5. Unknown to Investor #1, in about May 2017, SCG made a real estate deal with AK to front SCG out of MSC's bank account the sum of fifty thousand dollars (\$50,000.00) for the purchase of a going restaurant business. On or about May 23<sup>rd</sup>, 2017, AK withdrew the funds from MSC's account and made the check out to a closing agent Murray, Plumb and Murray. AK was assured repayment by SCG with information from SCG about money he was about to receive from Investor #1. On June 13<sup>th</sup>, 2017, shortly after receiving the transferred funds from Investor #1, AK paid back over to SCG the sum of one hundred forty six thousand seven hundred forty-one dollars and thirty-six cents (\$146,741.36) which SCG deposited into the bank account for Noble Wellness, LLC. The balance of that account at the time of the deposit was minus fifteen dollars (\$15.00). SCG then proceeded to spend the remainder of Investor #1's funds transferring much of it to a company called Manna Molecular Science in the amount of twenty-five thousand dollars (\$25,000.00), and ninety-six thousand five-hundred ninety-eight dollars and seventy cents (\$96,598.70) made out to First Choice Title Company, LLC for another real estate deal with AK in the purchase of a

rehabilitation property in Biddeford, Maine.

6. Following Investor #1's investment with SCG, Investor #1 determined that she wanted all of her investment money with the same person. In September of 2017, Investor #1 liquidated her 401K with Midland and had an additional ten thousand five hundred dollars sent by check to Grady & Associates, LLC to be added to purported account #1703562. The check was again made out to MSC and dated September 27<sup>th</sup>, 2017 drawn on investor #1's account located at the Bank of New Hampshire. Investor #1's purported Grady & Associates, LLC account was credited with twelve thousand dollars. See Exhibit B attached. A Grady & Associates, LLC account statement dated February 22<sup>nd</sup>, 2018 shows a purported accrued value of twelve thousand seven hundred thirty-eight dollars and twenty-four cents (\$20,738.24). Unknown to Investor #1, AK had fronted another ten thousand dollars (\$10,000.00) to SCG for his restaurant deal out of the MSC account on or about August 16<sup>th</sup>, 2017. The check was again made out to Murray, Plumb and Murray. When Investor #1 transferred her addition funds to MSC on October 2nd, 2017, that money upon information and belief was used by SCG to repay AK for the restaurant deal.
  
7. Following the June 2017 meeting, Investor #1 met SCG periodically at the Hooksett, New Hampshire rest area on I-93 and SCG would indicate to Investor #1 that her money was safe and secure. In reality her money was gone spent by SCG for his various business ventures some with AK unknown to Investor #1. Investor #1 would periodically ask for account balances and account statements but received none. In February 2018, when Investor #1 realized that surrendering her variable annuity generated a tax consequence of about six thousand five hundred sixty-two dollars (\$6,562.00), Investor #1 continuously and repeatedly ask SCG that he wire that amount from her account, however, SCG's promises to do that were not fulfilled until April 2018, and the money didn't come from an Investor #1 account. Investor #1 had other concerns that she addressed with SCG via text message from February 2018 to April 2018 that also went unaddressed by SCG concerning the receipt of her earned interest and information needed from SCG regarding her investments to be shared with her real estate broker and mortgage officer as she intended on buying a home in North Carolina for retirement.

8. Investor #1 believing that the conduct with her account by SCG was suspicious, Investor #1 met with an Edward Jones advisor to have her principal balance in her accounts transferred to Edward Jones, and to have her interest earned sent to her bank account. During a phone conversation on or about April 13<sup>th</sup>, 2018, SCG was told by an Edward Jones agent of the need for Investor #1's funds to be transferred, however, SCG did not comply and could not comply with that request since unknown to Investor #1 the funds were spent. Following that conversation, Investor #1 sent a certified letter dated April 19<sup>th</sup>, 2018 to SCG at MSC, instructing SCG to not make any investments or trades in her account unless so instructed by her in writing to do so. The letter went unclaimed and was sent back to Investor #1. Recently, SCG stopped communicating with Investor #1 without informing Investor #1 about the amount and location of her retirement money.

#### 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. SCG and Grady & Associates, LLC are "persons" within the meaning of N.H. RSA 421-B:1-102(39).
2. The senior note investments described above are securities as defined by RSA 421-B:1-102(53A).
3. The senior note investments described above are investment contracts as defined by RSA 421-B:1-102(29A).
4. Pursuant to N.H. RSA 421-B:5-501(a), it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: (1) To employ any device, scheme, or artifice to defraud; (2) To 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 (3) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. SCG and Grady & Associates, LLC are in violation of this provision for failing to disclose to Investor #1, that SCG and Grady & Associates, LLC are not licensed to sell securities in New Hampshire, that the “senior note” was not registered for sale in New Hampshire, and that the Investor #1 account with Grady & Associates, LLC was fictitious.

5. Pursuant to RSA 421-B:4-401, it is unlawful for any person to transact business as a broker-dealer unless such person is licensed as a broker-dealer in the State of New Hampshire. Grady & Associates, LLC are in violation of this section for effecting transactions in the senior notes for the account of investor #1.
6. Pursuant to N.H. RSA 421-B:4-402(a), it is unlawful for any person to transact business in this state as a broker-dealer agent unless such person is licensed under N.H. RSA 421-B or exempt from licensing. SCG is in violation of this provision for effecting transactions in the senior notes for the account of Investor #1.
7. Pursuant to RSA 421-B:6-601(5)(c), the Bureau can impose an order of restitution or disgorgement against SCG and Grady & Associates, LLC.
8. 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. SCG and Grady & Associates, LLC are subject to this section for violating RSA 421-B:5-501(a).
9. 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 other penalty provided for by law, be subject to such suspension, revocation, or denial of any

registration of license, or be barred from registration or licensure. SCG and Grady & Associates, LLC are subject to this section.

10. Pursuant to RSA 421-B:6-604(f), the secretary of state may order any person who violates RSA 421-B:5-501, upon hearing, and in addition to any other penalty provided by law, to make a written offer to the purchaser of the security to repurchase the security for cash, payable on delivery of the security, equal to the consideration paid for the security together with interest at the legal rate, less the amount of any income received by the purchaser on the security, or if the purchaser no longer owns the security, an offer to pay an amount in cash equal to consideration paid for the security together with interest at the legal rate, less the amount the purchaser received on disposition of the security and less the amount of any income received by the purchaser on the security. SCG and Grady and Associates, LLC are subject to this section.
11. Pursuant to N.H. RSA 421-B:6-604(g), in any investigation to determine whether any person has violated RSA 421-B, the secretary of state shall be entitled to recover the costs of the investigation. SCG and Grady & Associates, LLC are subject to this section.

#### RELIEF REQUESTED

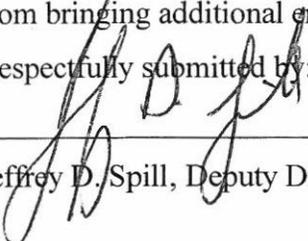
- III. The staff of the Bureau makes the following requests for relief in the above-referenced matter as permitted under the Act:
  1. Find as fact the allegations contained in section I of the Statements of Fact of this petition.
  2. Make conclusions of law as stated in section II relative to the allegations contained in section I of this petition.
  3. Order SCG and Grady & Associates, LLC to permanently cease and desist from further violations of N.H. RSA 421-B.

4. Pursuant to RSA 421-BL:6-601(5)(c), impose an order of restitution, or disgorgement against SCG and Grady and Associates, LLC.
5. Order SCG and Grady & Associates, LLC permanently barred from any securities licensure and securities registration in the state of New Hampshire, in accordance with N.H. RSA 421-B:6-604(d)
6. Pursuant to N.H. RSA 421-B:6-604(d), order SCG and Grady & Associates jointly and severally to pay an administrative fine of fifteen thousand dollars (\$15,000).
7. Pursuant to N.H. RSA 421-B:6-604(g), order SCG and Grady & Associates, LLC jointly and severally to pay the Bureau's costs of investigation in an amount of ten thousand dollars (\$10,000).
8. Pursuant to N.H. RSA 421-B:6-604(f) order a rescission against SCG and Grady & associates, LLC jointly and severally to Investor #1 in an amount of two hundred thirteen thousand four-hundred seventy-one dollars and thirty-six cents (\$213,471.36).
9. 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

11/13/18  
\_\_\_\_\_  
Date

**Grady and Associates, LLC**  
**Account: 1703563**  
**Type: SENIOR NOTE**  
**Tax Class: NON QUALIFIED**

Principle: \$203,000

Interest Accrued: \$ 12,488.59

Interest Paid: \$0

Total Value of Asset: \$ 215,488.59

All Total Assets: \$228,226.83

Gains/Losses for Period: \$ 13,226.83

Beneficiaries

**Primary:** 100%

**Secondary:** NONE

Monument Square Consulting, LLC  
CFO Abe Kauffman  
% Grady and Associates, Limited Liability Company  
793 Maine Street  
South Portland, ME 04105  
(207) 522 - 6215

# MSC<sub>LLC</sub>

793 Main Street, South Portland, Maine 04015

info@Monumentsquareconsulting.com

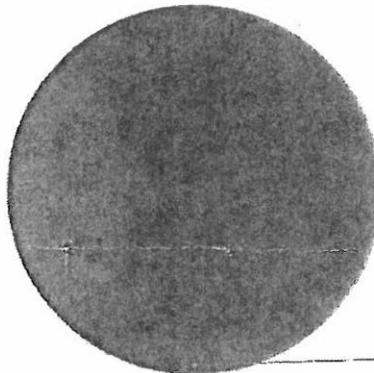
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February 22, 2018

Dear Ms. Martel,

Here is your semi-annual statement for your accounts with us. Please contact us for any questions.

Asset Allocation:



Senior Note

**Grady and Associates, LLC**  
**Account: 1703562**  
**Type: SENIOR NOTE**  
**Tax Class: NON QUALIFIED**

Principle: \$12,000

Interest Accrued: \$ 738.24

Interest Paid: \$0

Total Value of Asset: \$ 12,738.24