

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

CONSENT ORDER
IN THE MATTER OF:

Concorde Investment Services, LLC
CRD#151604
COM2017-00018

- I. For purposes of settling the above-captioned matter, and in lieu of further administrative proceedings, Concorde Investment Services, LLC (“CIS”) has submitted an offer of settlement, which the State of New Hampshire, Department of State, Bureau of Securities Regulation (the “Bureau”) has determined to accept. Accordingly, without admitting or denying the allegations contained herein, CIS does hereby consent to entry of this Consent Order and the sanctions contained herein:

STATEMENTS OF FACT

1. Gregory G. Friel (“GGF”) CRD# 4685976 was a broker-dealer agent working for CIS starting in January 2015 and terminating in January 2016 (hereinafter “the relevant time period”). GGF was an unlicensed broker-dealer agent in the State of New Hampshire during the relevant time period. CIS maintains offices at 19500 Victor Parkway, Suite 550, Lavonia, Michigan 48152. CIS’s CRD number is 151604. Prior to contracting to work for CIS, GGF was providing brokerage and advisory services for compensation to Investor #1, a husband and wife living in Dover, New Hampshire. GGF had an office located on Northampton Street in Boston, Massachusetts. Investor #1 and GGF started their professional relationship in about 2012 before the relevant time period and carried it forward whenever GGF changed firms which occurred several times. Currently, GGF is not a licensed securities professional and he is believed to be living in Plantation, Florida. According to CRD, GGF has not been licensed as a broker-dealer agent in New Hampshire since 2013. The accounts for Investor #1 had been assigned to a different agent by CIS in 2015. Nevertheless, according to Investor #1, GGF continued to contact Investor #1 regarding securities business up until Investor #1 left GGF in about 2016. When GGF became affiliated with CIS in 2015, he attempted to get licensed in New Hampshire, but his application was withdrawn, however, he did get licensed in other states. He was also unable to get licensed in Massachusetts where his office was located. The Bureau began investigating this matter based on a complaint received from Investor #1 about their investments with GGF and their belief that GGF was not licensed.
2. According to Investor #1, as part of the onboarding process of Investor #1 conducted by GGF when GGF switched firms to CIS in 2015, GGF had Investor #1 fill out various

account documents as follows: Customer Account Form dated 3/19/2015, (2) New Account Agreements dated 4/3/2015 and 5/5/2015, Traditional IRA Adoption Agreement dated 5/5/2015 and Account Transfer Form dated 5/20/2015. As part of this process, GGF signed the forms and Investor #1 also signed the forms. However, sometime after the forms were completed and signed by Investor #1 and GGF, an unknown person at CIS crossed out GGF's name in multiple places on the forms and inserted the name of the CIS agent to whom the accounts had been assigned. Investor #1 was not told that form change was made and they were unaware of the cross outs on the account forms until they were uncovered by the Bureau in its investigation. While CIS had notified Investor #1 of a new agent, Investor #1 was not told by CIS of the cross outs of GGF's name or that GGF was no longer licensed. Throughout 2015, unbeknownst to CIS, Investor #1 continued to be under the impression that GGF was able to provide account services to Investor #1, and Investor #1 continued to provide certain compensation directly to GGF, and GGF continued to contact Investor #1.

3. CIS, during the relevant time period, had compliance policies in place designed to prevent the herein described activities that occurred regarding Investor #1's account documents and the confusion that followed, however, CIS failed to adhere to them. CIS Compliance Manual in Section 8 prohibits changes made to account forms without customer signoff and the customer must be given the opportunity to verify all information contained on the forms. Section 15 of the Compliance Manual prohibits alteration of the account records without written permission of the Chief Compliance Officer.
4. When Investor #1 switched over to CIS in 2015, their Real Estate Investment Trust ("REIT") investments were placed into a managed account and charged a management fee of One Thousand Nine-Hundred Sixty-Six Dollars and Sixty-Six Cents (\$1,966.66). That charge should not have been applied because the REIT investments did not need management services.

THE LAW

- II. The Bureau hereby makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder in effect during the relevant time period before the RSA 421-B law change effective 1/1/2016:
 1. CIS was a broker-dealer within the meaning of RSA 421-B:2, III, and GGF was a broker-dealer agent within the meaning of RSA 421-B:2, II.
 2. Pursuant to RSA 421-B:6, it is unlawful for any person to transact business in this state as a broker-dealer agent unless such person is licensed under RSA 421-B or exempt from licensing. GGF was not a licensed broker-dealer agent in the State of New Hampshire during the relevant time period.
 3. Pursuant to RSA 421-B:10,I(b)(10), CIS has failed reasonably to supervise its agent by engaging in the conduct listed in paragraphs 1 through 3 of the Statements of Facts section above.

4. Pursuant to RSA 421-B:10,VI, in effect prior to the law change, the secretary of state may assess an administrative fine of not more than \$2,500 per violation.
5. Pursuant to N.H. RSA 421-B:22, IV, in any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter. SIC is subject to this provision.
6. 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. CIS is subject to this section
7. Pursuant to RSA 421-B:26,III, in effect prior to the law change, 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 an administrative fine not to exceed \$2,500, or both. Each of the acts specified shall constitute a separate violation. CIS is subject to this provision.
8. Pursuant to N.H. RSA 421-B:26, III-a, every person who directly or indirectly controls a person liable under paragraph I, II, or III every partner, principal executive officer, or director of such person, every person occupying a similar status or performing a similar function, who materially aids in the acts or transactions constituting the violation, either knowingly or negligently, may, upon hearing, and in addition to any other penalty provided for by law, be subject to suspension, revocation, or denial of any registration or license, including the forfeiture of any application fee, or an administrative fine not to exceed \$2,500, or both. CIS control person over GGF is subject to this provision.

III. In view of the foregoing, CIS agrees to the imposition of the following sanctions:

1. CIS agrees that this Order is entered into for purposes of resolving only the matter described herein, and the Order is not intended to be considered a disqualifying event under Rule 501(d)(1) of Regulation D of the Securities Act. This Order shall have no collateral estoppel effect in any other lawsuit, proceeding, or action not described herein. Likewise, this Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by CIS of which the Bureau has no knowledge at the time of the date of final entry of this Consent Order.
2. CIS is not to take any action or make any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this Consent Order or create the impression that the Consent Order is without

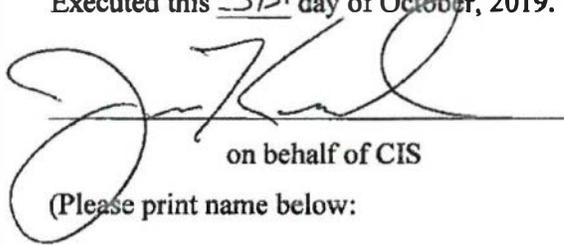
factual basis. Nothing in this provision affects CIS's testimonial obligations or the right to take legal or factual positions in litigation or other legal proceedings in which the Bureau is not a party.

3. Respondent agrees to waive their right to an administrative hearing and any appeal therein under this chapter.
4. CIS agrees to deliver within five (5) business days of the execution of this Consent Order an administrative fine of Forty Thousand Dollars (\$40,000) and costs of Eight Thousand Thirty-Three Dollars and Thirty-Four Cents (\$8,033.34), total Forty-Eight Thousand Thirty-Three Dollars and Thirty-Four Cents (\$48,033.34). Payment shall be made to the State of New Hampshire. Payment must be 1) made by business check, certified check, or postal money order; 2) made payable to the State of New Hampshire; and 3) if mailed, shall be mailed to the Bureau of Securities Regulation, Department of State, State House, Room 204, Concord, New Hampshire, 03301.
5. CIS agrees to deliver within five (5) business days of the execution of this Consent Order reimbursement to Investor #1 in the amount of One Thousand Nine-Hundred Sixty-Six Dollars and Sixty-Six Cents (\$1,966.66).
6. CIS shall cease and desist from any further violations of RSA 421-B.
7. CIS agrees that if they fail to meet any of the undertakings set forth in this Consent Order, such a failure shall constitute a violation of this Consent Order pursuant to RSA 421-B:4-412 and RSA 421-B:6-604 and may subject CIS to additional enforcement action and penalties.

IV. 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. CIS pay an administrative fines and costs, in the total amount of Forty-Eight Thousand Thirty-Three Dollars and Thirty-Four Cents (\$48,033.34) as outlined herein.
2. CIS shall cease and desist from any further violations of RSA 421-B.
3. CIS shall reimburse investor #1 in the amount of One Thousand Nine-Hundred Sixty-Six dollars and Thirty-Four Cents (\$1,966.66) as outline above.
4. CIS shall comply with all other undertakings outlined herein.

Executed this 3rd day of October, 2019.



on behalf of CIS
(Please print name below:

JASON KAVANAUGH

Order entered this 1st day of November 2019.



Barry Glennon, Director
N.H. Bureau of Securities Regulation