

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

IN THE MATTER OF:

Frederick V. McMennen III

Respondent

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ORDER TO CEASE AND DESIST
INV2012-00017

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:23, 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:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500.00 for each violation of the securities laws and rules of New Hampshire.

NOTICE OF RIGHT TO REQUEST A HEARING

The above-named Respondent has the right to request a hearing on this order to cease and desist, as well as the right to be represented by counsel. 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:23, I, if Respondent fails to request a hearing on this order within 30 calendar days of receipt of this order, Respondent shall be deemed in default, and this order shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstance require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated November 24, 2014 (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 in the Staff Petition, if proved true and correct, form the legal basis of the relief requested.

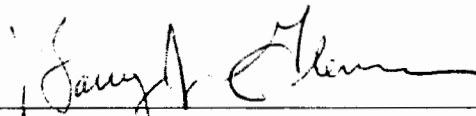
It is hereby ORDERED, that:

1. The Respondent shall immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. All licensing and registration privileges of Respondent are hereby denied, suspended, revoked, and barred pursuant to RSA 421-B:26, III.
3. The Respondent is barred from all licensing and registration privileges pursuant to RSA 421-B:10.

4. The Respondent shall pay an administrative fine and costs of the Bureau's investigation in the amount of \$20,000.00.
5. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered, including imposition of fines and penalties upon the defaulting Respondent.

WILLIAM M. GARDNER
SECRETARY OF STATE
BY HIS DESIGNEE:

Dated: 12-1-14



Barry J. Glennon
Director

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

**STAFF PETITION TO CEASE AND DESIST
IN THE MATTER OF:**

FREDERICK V. MCMENIMEN III (CRD#2112400)

INV2012-00017

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

STATEMENT OF FACTS

1. From September 2007 to October 2011, McMenimen, CRD# 2112400, was employed as a registered representative for Pruco Securities, LLC, CRD#5685 (hereinafter "Pruco"), until his termination in October 2011. McMenimen worked for Pruco out of their branch office located at 100 Market Street, Suite 402, Portsmouth, New Hampshire 03801. McMenimen was the supervising agent in that office. His CRD number is 2112400.
2. The relevant time period for the allegations contained herein is from January 2008 to October 2011. During the relevant time period, McMenimen recommended to three of his investment advisory clients (hereinafter the "New Hampshire Investors") that they put money into an investment he called PSB. McMenimen recommended that the New Hampshire Investors liquidate money from insurance products and other investments, deposit the money into their bank accounts, and write personal checks made out to PSB. The New Hampshire Investors were not made aware of any other description of the investment other than it was PSB which they believed to be an entity associated with Pruco. They trusted McMenimen's advice that it was a good investment. In reality, PSB was a sporting goods company called PSB Sports, LLC, located in Exeter, New Hampshire, run and owned by McMenimen, and when McMenimen received the check made out to PBS, he deposited them in a PSB bank account and then converted the investor money to his own use.
3. McMenimen took money from the following clients: Investor #1, an elderly widow from Hampton Falls, New Hampshire, Investor #2, an elderly widow from Merrimack, New Hampshire, and Investor #3 an elderly widow from Manchester, New Hampshire. The converted funds total approximately 1.3 million dollars.
4. McMenimen has plead guilty to several federal crimes related to these allegations

in the New Hampshire Federal District Court on October 31st, 2014.

STATEMENT OF LAW

- II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, RSA 421-B, and regulations thereunder (hereinafter referred to as the Act):
1. McMenimen was a broker-dealer agent within the meaning of RSA 421-B: 2, II, who worked for a broker-dealer Pruco from September 2007 to October 2011.
 2. Pursuant to RSA 421-B:3, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly: to employ any device, scheme, or artifice to defraud; 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 to engage in any act, practice, or course of business which operates as a fraud or deceit upon any person. McMenimen is in violation of this provision for engaging in an act, practice, or course of business which operated or would operate as a fraud or deceit upon the New Hampshire Investors by recommending that they invest in PSB, a company the New Hampshire Investors believed was associated with Pruco, when in reality, PSB was not a company associated with Pruco, but was a company run and owned by McMenimen, and that he intended to convert the New Hampshire Investor funds to his own use.
 3. Pursuant to RSA 421-B:10, I(a), (b)(2), the secretary of state may by order suspend or revoke any license, or bar any person from licensure if he or she finds that the order is in the public interest, and that the licensee, has willful violated and failed to comply with any provision of this title. McMenimen is subject to this provision and should be barred for violating and failing to comply with RSA 421-B:3.
 4. Pursuant to RSA 421-B:10,I(a)(b)(3), the secretary of state may by order suspend or revoke any license, or bar any person from licensure if the person has been convicted of a felony within the past ten years. McMenimen is subject to this provision having plead guilty on October 31st, 2014, for federal offenses related to this matter including mail fraud.
 5. Pursuant to RSA 421-B;10,I(a)(b)(7), the secretary of state may by order suspend or revoke any license, or bar any person from licensure if the person has engaged in dishonest and unethical practices in the securities business. McMenimen is subject to this provision.
 6. RSA 421-B:10,III provides that the Secretary of State may issue an order requiring the person to whom any license has been granted to show cause why the license should not be revoked. Further, the Secretary of State may by order summarily

suspend any license pending final determination of any order to show cause if he finds that the public interest would be irreparably harmed by delay in issuing such order. McMenimen is subject to this provision.

7. Pursuant to RSA 421-B:10, VI, the secretary of state may, upon hearing, assess an administrative fine of not more than \$2,500 per violation, in lieu of or in addition to, an order to revoke or suspend any license or application. McMenimen is subject to this provision.
8. Pursuant to 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 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 in addition to any other penalty provided under this chapter. McMenimen is subject to this provision.
9. Pursuant to RSA 421-B:23, I, 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. McMenimen is subject to this provision.
10. 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. McMenimen is subject to this provision.

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

1. Find as fact the statements contained in section I of the Statement of Facts.
2. Make conclusions of law relative to the statements contained in section II of the Statement of Law.
3. Pursuant to RSA 421-B:23, issue an order to cease and desist against McMenimen for violations under the Act pursuant to RSA 421-B:23,I.

4. Issue an order denying, suspending, revoking, or barring any license and registration privileges of McMenimen pursuant to RSA 421-B:26,III.
5. Bar any license and registration privileges of McMenimen pursuant the provisions of RSA 421-B:10.
6. Assess costs and a fine against McMenimen in the amount of \$20,000.
7. Take any other just and equitable relief as permitted under the Act.

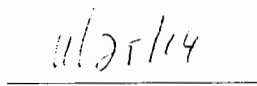
RIGHT TO AMEND

The Bureau's staff reserves the right to amend this Petition for Relief and requests that the Director of Securities Regulation take further enforcement action.

Respectfully submitted by:



Jeffrey D. Spill
Deputy Director



Date