

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

NOV 13 2018

BY: *Siddha*
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CONSENT AGREEMENT
IN THE MATTER OF:

Diane Maddox (CRD# 1860373)

C-2017000006

- I. For the purposes of settling the above-captioned matter, and in lieu of further administrative proceedings, Diane Maddox (“Maddox”), 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 facts and allegations contained herein, Maddox consents to the entry of the Consent Agreement and to the following:

FACTS AND ALLEGATIONS

1. Diane Maddox (“Maddox”) is a registered representative of Cetera Advisors LLC (CRD #10299), and is registered with the Bureau as a broker-dealer agent. Maddox was registered as a broker-dealer agent for Investors Capital Corporation (“ICC”) in New Hampshire between November 1, 2012 and October 3, 2016, when her registration was transferred to Cetera Advisors.
2. On March 30, 2017 the Bureau received a complaint from a New Hampshire married couple and former clients of ICC, raising concerns about an alternative investment they purchased in 2013 upon Ms. Maddox’s recommendation. The alternative investment later converted to publicly traded common stock (the “Investment”). Based on the content of the complaint, the Bureau initiated an investigation.
3. During the course of its investigation, the Bureau determined that Maddox violated New Hampshire securities law by not properly updating and processing suitability review and new and amended account documentation that provided the basis for ICC’s suitability review approval. There are certain mitigating factors identified by Maddox which would make settlement of these matters the best alternative to litigation.

THE LAW

- II. The activity at issue here took place in 2013 under the New Hampshire Securities Act in place at the time, and as such the Bureau hereby makes the following statements of law under

the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B (effective through December 31, 2015), and regulations thereunder:

1. Maddox is a “person” within the meaning of N.H. RSA 421-B:2, XVI, and an “agent” within the meaning of N.H. RSA 421-B:2, II.
2. Pursuant to N.H. RSA 421-B:3-a, a broker-dealer agent must have reasonable grounds for believing that the recommendation to purchase, sell, or exchange a security is suitable for the customer upon the basis of the facts disclosed by the customer.
3. Pursuant to N.H. RSA 421-B:21, I-a, the secretary of state may impose penalties for violations of the securities laws, including but not limited to rescission, restitution, or disgorgement.
4. 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, 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.
5. This Agreement, and any Order approving this Agreement, is not intended to form the basis of any disqualification under Section 3(a)(39) of the Securities Exchange Act of 1934, Rule 262(a) of Regulation A, or Rules 504(b)(3) or 506(d)(1) of Regulation D under the Securities Act of 1933. This Agreement, and any Order approving this Agreement, is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under the SRO rules prohibiting continuance in membership. This Agreement, and any Order approving this Agreement, is not intended to form a basis of a disqualification under Section 204(a) (2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002

III. In view of the foregoing, Maddox agrees to the following:

1. Maddox agrees that this Consent Agreement is entered into for purposes of resolving only the matter as described herein. This Consent Agreement shall have no collateral estoppel effect in any other lawsuit, proceeding, or action not described herein. Likewise, this Consent Agreement shall not be construed to restrict the Bureau’s right to initiate an administrative investigation or proceeding relative to conduct by Maddox of which the Bureau has no knowledge at the time of the date of final entry of the Consent Agreement.
2. Maddox agrees 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 Agreement or create the impression that the Consent Agreement is without factual basis.
3. When the Complainants sell the United Development Funding IV shares, if the sales price is at a price per share of less than \$4.42, Maddox agrees to pay the complainants the difference between the sales price per share and a price per share of \$4.42. Additionally,

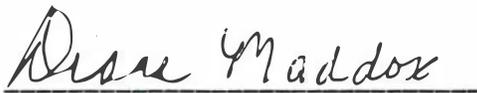
if the sales price is less than \$4.42 per share, Maddox agrees to pay fifty percent (50%) of the losses the complainants would have realized at the \$4.42 price per share. However, if the complainants sell the United Development Funding IV shares at a price per share greater than \$4.42, Maddox agrees to pay fifty percent (50%) of the losses realized at the sales price. Maddox agrees to pay this amount by business check, certified check or postal money order to the complainants within ten (10) days of the proof of sale provided by the complainants.

4. Maddox agrees, upon execution of this Consent Agreement, to pay the Bureau's costs of investigation in the amount of Ten Thousand Dollars (\$10,000). Payment of the Ten Thousand Dollars (\$10,000) shall be made to the State of New Hampshire upon execution of the Consent Agreement. Payment must be made by 1) business check, certified check, or postal money order, 2) made payable to the State of New Hampshire, and 3) mailed to the Bureau of Securities Regulation, Department of State, State House Room 2014, Concord, New Hampshire 03301.
5. Failure to comply with the terms of this Consent Agreement shall enable the Bureau to withdraw from the Consent Agreement and proceed with such enforcement action allowed by RSA 421-B.

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 AGREED THAT:**

1. Maddox will pay the complainants a portion of the complainants' losses as outlined above.
2. Maddox will pay the Bureau's costs of investigation in the amount of Ten Thousand Dollars (\$10,000) as stated above.
3. Maddox will comply with all other undertakings outlined herein.

Executed this 6 day of November, 2018.



Diane Maddox

Entered this 26th day of November, 2018.



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