

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

IN THE MATTER OF:)
)
Spartan Capital Securities, LLC)
)
Respondent)
)

INV2013-0008

CONSENT ORDER

- I. For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, Spartan Capital Securities, LLC, (hereinafter referred to as "SCS"), has submitted an offer of settlement, which the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as "the Bureau") has determined to accept. Accordingly, the Respondent does hereby consent to, the following findings, conclusions, undertakings and sanctions:

The Facts

1. SCS, is a business entity with a principal office listed at 45 Broadway, 9th Floor, New York, NY 10006. CRD records indicate that SCS is licensed as a broker-dealer with the Securities and Exchange Commission ("SEC"), and has been licensed in the State of New Hampshire since 7/11/2008. SCS' CRD number is 146251 and SEC number is 8-67801.
2. On or about March 2011, the Bureau received a complaint from one New Hampshire resident regarding an unsolicited cold call received at his home regarding the purchase of Allstate stock from an Edward Segur (Segur) of SCS. In a Staff Petition For Relief, the Bureau alleged that the call was prohibited by the Telemarketing Rules of the Financial Industry National Regulatory Association (FINRA) designed to prohibit calls made to Do-Not-Call numbers, and that Segur was unlicensed in New Hampshire to sell securities. In a Consent Order dated 1/4/2012, SCS entered into a Consent Order under which SCS agreed to cease and desist from the alleged conduct, pay a fine, and to take steps to make changes in their compliance system to prevent future violations. In an effort to comply with the Bureau's Order, in

about July of 2012, SCS instituted the Gryphon system which is designed to physically block Do-Not-Call numbers. However, despite the 1/4/2012 Consent Order and the addition of the Gryphon system, SCS continued to receive complaints logged into the Federal Trade Commission's (FTC) Consumer Sentinel Network regarding prohibited telemarketing calls being made in other states by SCS. None of the calls were made into New Hampshire. In a subsequent Staff Petition For Relief filed on 8/2/2012, the Bureau alleged that SCS violated the 1/4/12 Consent Order in that they failed to come into compliance with FINRA's Telemarketing Rules specifically Rule 3230 which prohibits calls to registered numbers unless an exception applies. SCS is unaware of why the calls were made and believes that the Gryphon system may have been inactivated at the time of some of the calls. The Gryphon system has been tested and it has been represented to work to block calls to numbers entered into the system.

The Law

1. SCS is a broker-dealer within the meaning of RSA 421-B:2,III.
2. Pursuant to RSA 421-B:8,X, persons licensed under RSA 421-B to conduct securities business shall abide by the rules of the Securities and Exchange Commission, National Association of Securities Dealers ("NASD"), national and regional stock exchanges, and other self-regulating organizations which have jurisdiction over the licensee, which set forth standards of conduct in the securities industry. SCS is subject to this section and to FINRA Rule 3230 prohibiting telemarketing to registered do-not-call numbers.
3. Pursuant to RSA 421-B:10,VI, in lieu of, or in addition to, any such order to suspend or revoke any license or application, the secretary of state may, upon hearing, assess an administrative fine of not more than \$2,500 per violation. SCS is subject to this section.
4. Pursuant to RSA 421-B:23, the Respondent may be ordered to cease and desist from violating the New Hampshire Uniform Securities Act 421-B.
5. 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. SCS is subject to this section.
6. Pursuant to RSA 421-B:26,II, any person who knowingly or negligently violates any order of the secretary of state may, upon hearing, except where another penalty is expressly provided, be subject to such suspension, revocation, or denial

of any registration or license, or administrative fine not to exceed \$2,500 for each violation. SCS is subject to this section.

II. In view of the foregoing, the Respondent agrees to the following undertaking and sanctions:

1. Respondent agrees that 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. Respondent agrees to waive their right to an administrative hearing and any appeal therein under this chapter.
3. The Respondent agrees to cease and desist from further violations of the New Hampshire Securities Act RSA 421-B and FINRA Rule 3230.
4. Upon execution of this order by Respondent, Respondent, agrees to pay an administrative fine in the amount of Forty Thousand dollars (\$40,000) to the State of New Hampshire to be paid in the following installments: \$10,000 upon execution of this Order, and four equal installments of \$7,500 on the first of every month starting on May 1st, 2013.
5. Payment shall be made by 1) United States postal money order, certified check, bank cashier's check, or bank money order; 2) made payable to the State of New Hampshire; and 3) hand-delivered or mailed to the Bureau of Securities Regulation, Department of State, State House. Room 204, Concord, New Hampshire, 03301. Total payment is \$40,000.00.
6. Respondent shall not make any telemarketing calls into the State of New Hampshire for a two year period commencing upon the execution of this Consent Order. SCS undertakes to block area code 603 from any calling in the Gryphon system. SCS undertakes to have a SCS principal approve any

new New Hampshire accounts to ensure compliance with this Consent Order. SCS may call any New Hampshire customer that exists prior to this Consent Order or that becomes a SCS customer when a new agent is hired by SCS and the agent has New Hampshire customers at the time of hire provided SCS complies with the requirements of FINRA Rule 3230.

7. Within six months of the date of the signing of this Consent Order, the Respondent shall submit a written report to the Bureau with respect to the conduct of a comprehensive review of SCS current compliance policies, changes and revisions made in response to this and all other SCS telemarketing regulatory actions to date. SCS undertakes to make such changes necessary to fully implement and make effective the FINRA Rules regarding Telemarketing, and specifically undertakes to establish compliance procedures to ensure that its phone system or other records track the name of the caller, the number or extension called from, the time and date of the call, the reason for the call (if the reason for the call was for something other than solicitation or communication with a client) and the telephone number of the person receiving the call to ensure that calls are not made to do-not-call registered numbers.
8. Respondent agrees that this Agreement is entered into for purpose of resolving only the matter as described herein. This Agreement shall have no collateral estoppel, res judicata, evidentiary, or other legal effect in any other lawsuit, proceeding, or action, not described herein. Likewise, this Agreement shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondent of which the Bureau has no knowledge at the time of the date of final entry of this Agreement.
9. The Respondent may not take any action or make or permit to be made 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. Nothing in this provision affects the Respondent's testimonial obligations or right to take legal positions in litigation in which the State of New Hampshire 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. Respondent pay an administrative fine in the amount of Forty Thousand Dollars (\$40,000) as stated above.
2. Respondent cease and desist from further violations of the Securities Act RSA 421-B.
3. Respondent complies with the above-referenced undertakings.

Executed this 3RD day of April, 2013.

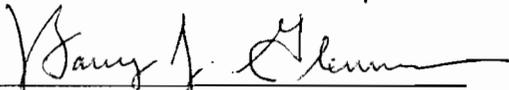


on behalf of SCS

Please print name below:

JOHN D. LOWRY.

Entered this 4th day of April, 2013.



Barry Glennon, Director