

**STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND
HEALTH CARE ADMINISTRATION
SECURITIES DIVISION**

IN THE MATTER OF)	DOCKET NO. 10-003-S
)	
Burton J. Steen,)	ADMINISTRATIVE CONSENT ORDER
Respondent)	
)	

The Commissioner of the Vermont Department of Banking, Insurance, Securities & Health Care Administration (the “Commissioner”), being responsible for administering and enforcing Vermont law as it pertains to securities and, through her lawful designee, having investigated Respondent in connection with violations of 9 V.S.A. Chapter 150 (the “Vermont Uniform Securities Act” or “VUSA”), has determined to impose administrative sanctions upon Burton J. Steen (“Respondent”) to resolve the above captioned matter, to which Respondent does stipulate and consent, all as set forth below.

JURISDICTION

Respondent, an agent, CRD # 1153577, admits the jurisdiction of the Commissioner and expressly consents to the entry by the Commissioner of this Order Imposing Administrative Sanctions and Consent to Same (“Consent Order”). Respondent agrees and elects to permanently waive his right to a hearing and appeal before the Commissioner or her designee, and all other procedures otherwise available under the VUSA; 3 V.S.A., Chapter 25, the Vermont Administrative Procedure Act; the rules, regulations, and order of the Commissioner, or any right he may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the Consent Order.

Respondent neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Consent Order (except as to jurisdiction), and waives compliance with the provisions of 3 V.S.A. Chapter 25 regarding contested cases. In addition, Respondent recognizes, accepts and agrees that a condition of the Consent Order is that Respondent may not take any action, or make or permit to be made any public statement, including any statement in regulatory filings or otherwise, that denies, directly or indirectly, any allegation in this Consent Order or creates the impression that the Consent Order is without factual basis. Nothing in this provision affects Respondent's: (i) testimonial obligations in the context of compulsory testimony; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party.

FINDINGS OF FACT

1. Respondent is registered in Vermont as an agent with CRD # 1153577.
2. Respondent is registered as an agent with Cadaret, Grant & Co., Inc. ("Cadaret Grant"). Cadaret Grant is a broker-dealer registered in Vermont under CRD # 10641.
3. Respondent maintains a branch office at 63 Main Street, Essex Junction, Vermont, 05452.
4. Respondent served as an Office of Supervisory Jurisdiction ("OSJ") for Cadaret Grant and at all relevant times herein was responsible for supervising Lisa Graves, a broker-dealer agent, CRD # 1722594, from July 1, 1992 to December 31, 2009. Ms. Graves is registered as an agent with Cadaret Grant with an office location at 293 Main Street, Winooski, VT 05404.
5. Based upon document reviews of the files of Ms. Graves and Respondent, and interviews of both individuals, the Commissioner found that:

- a. Cadaret Grant compliance examinations in 2003, 2004, and 2005 of Ms. Graves's OSJ location, managed by Respondent, noted her failure to collect the required suitability information regarding transactions of variable annuity products.
- b. Ms. Graves initially sold the Tri-State Sprinkler 401k Plan prior to her association with Cadaret Grant and Respondent. She subsequently added employees to the Plan while associated with Cadaret Grant.
- c. Ms. Graves did not provide employee participants in the Plan disclosure information, such as surrender charges and periods for the variable annuity product, when she enrolled them in the Plan. She did provide disclosure information to the Trustee of the Plan.
- d. Ms. Graves, in some instances, used her personal email for business purposes. Her email was not part of the CG corporate email server to conduct business and client communication. This contravened Cadaret Grant supervisory procedures. Respondent has no personal knowledge of this factual allegation.
- e. Ms. Graves' email and facsimile communications with clients, in some instances, did not contain required disclosure information. Respondent has no personal knowledge of this factual allegation.
- f. Ms. Graves' letterhead failed to disclose the address and telephone number of either the OSJ location or the home office of Cadaret Grant. This deficiency was noted in Cadaret Grant's 2004 audit letter regarding Graves' office. Respondent received a copy of this audit letter.
- g. Ms. Graves, in some instances, failed to maintain a correspondence file. Respondent, in the Satellite Office Examination Summary that he completed in July, 2006, he

acknowledged that Graves was not maintaining the required separate correspondence file, and directed her to do so. He followed up on the correspondence file in 2007 as well.

h. Ms. Graves, in some instances, failed to maintain a complaint folder, a transaction blotter, and a securities/checks received blotter at her business location. Respondent noted these deficiencies to Ms. Graves in his compliance reviews of her satellite office in 2006, but there is no written documentation that Respondent directed Graves to remedy these deficiencies.

6. As OSJ for Ms. Graves, Respondent failed to adequately supervise Ms. Graves regarding the matters set forth in paragraph 5 above.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over this matter pursuant to the VUSA.
2. 9 V.S.A. § 5412(c) authorizes the Commissioner to issue an order censuring, imposing a bar on, or imposing a civil penalty on a person registered under the VUSA for each violation, and recover the costs of investigation, if the order is in the public interest and is authorized under subdivisions (d)(1) through (6), (8), (9), (10), (12), or (13) of Section 5412(d).
3. Section 5412(d)(9) authorizes such action where a person has "... failed to supervise reasonably an agent ... if the agent ... was subject to the person's supervision and committed a violation of this chapter ... or a rule adopted or order issued under this chapter ... within the previous 10 years...."
4. The Commissioner concludes that Respondent's failure to supervise an agent in the instances referenced above, constitutes a violation of 9 V.S.A. § 5412(d)(9).
5. 9 V.S.A. § 5412(g) authorizes the Commissioner to issue an order under subsections (b) and (c) of Section 5412 if the Commissioner provides appropriate notice to the person, an opportunity for hearing, and issues an order based upon findings of fact and conclusions of law

in accordance with the provisions of the Vermont Administrative Procedure Act, contained in chapter 25 of Title 3 of the Vermont Statutes.

6. 9 V.S.A. §§ 5412 and 5604 both authorize the Commissioner to issue a final order imposing a civil penalty for any violation and the costs an investigation or proceeding. Section 5614 further authorizes the recovery of expenses. Section 5604 authorizes the imposition of a cease and desist order. In imposing any sanctions under Section 5604, the Commissioner is required to consider, among other things, three factors: (1) “the frequency and persistence of the conduct” (2) “the number of persons adversely affected by the conduct” and (3) “the resources of the person committing the violation.” 9 V.S.A. § 5604(e).

7. In consideration of these factors and others, the evidence details several mitigating circumstances, most compelling of which are (i) Respondent’s lack of prior record of disciplinary action in approximately 35 years of practice in Vermont; (ii) the fact that no person made a complaint against Respondent; and (iii) Respondent’s cooperation with the State of Vermont and willingness to improve his supervisory policies and procedures.

ORDER

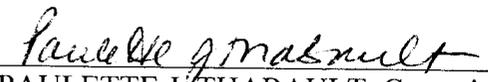
THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commissioner issues the following Order:

- A. Respondent shall pay an administrative penalty to the Division in the amount of One Thousand Dollars and No Cents (\$1,000.00).
- B. Respondent shall pay costs of investigation of this matter to the Division in the amount of One Thousand Dollars and No Cents (\$1,000.00).
- C. Respondent shall pay to the securities investor education and training special fund the amount of One Thousand Dollars and No Cents (\$ 1000.00).
- D. Respondent, within 10 days of the Commissioner signing and entering this Order, shall pay the foregoing amounts by tendering one check in the amount of Three Thousand Dollars and No Cents (\$3,000.00) made payable to the Vermont Department of Banking, Insurance, Securities, and Health Care Administration.
- E. Respondent shall cease and desist from further violations of the VUSA and any successor act, and of any rule promulgated by or order issued by the Commissioner.
- F. Respondent's failure to comply with any term or provision of this Consent Order may constitute grounds for further administrative action by the Commissioner.

THIS ORDER SHALL become effective immediately upon the date set forth below.

BY ORDER OF THE COMMISSIONER

Entered at Montpelier, Vermont, this 15^m day of January, 2010.

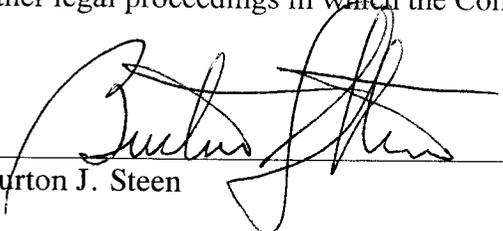


PAULETTE J. THABAULT, Commissioner
Vermont Department of Banking, Insurance,
Securities & Health Care Administration

**CONSENT BY BURTON J. STEEN TO THE ENTRY OF AN ORDER BY THE
COMMISSIONER IMPOSING ADMINISTRATIVE SANCTIONS
AND WAIVER OF HEARING**

1. Respondent hereby admits the jurisdiction of the Commissioner over the subject matter of this proceeding, and solely, with respect to this matter, knowingly and voluntarily waives any and all rights to a hearing before the Commissioner or her designee and all other procedures otherwise available under the VUSA, and any successor act, or the rules, regulations, and orders of the Commissioner. Respondent also waives compliance with the provisions of 3 V.S.A., Chapter 25 regarding contested cases. Respondent acknowledges that this Consent Order constitutes a valid order duly rendered by the Commissioner.
2. Respondent voluntarily and knowingly waives any rights he may have to judicial review by any court by way of suit, appeal, or extraordinary remedy resulting from the issuance of the Consent Order.
3. Respondent acknowledges and agrees that the Consent Order is entered into freely and voluntarily and that no promise was made, nor was any coercion used, to induce the Respondent to enter into the Consent Order.
4. Respondent acknowledges his understanding of all terms, conditions, and obligations contained in the Consent Order and further acknowledges that should he fail to comply with any and all provisions of the Consent Order, the Commissioner may impose additional sanctions and seek other appropriate relief subject to the Respondents' right to a hearing pursuant to the VUSA and any successor act.
5. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law (except as to jurisdiction) contained in the Consent Order but consents to the issuance of this Consent Order and agrees to be fully bound by its terms and conditions.

6. Respondent agrees that he shall not challenge the validity of the Findings of Fact and Conclusions of Law in any present or future administrative proceedings before the Commissioner or any other branch of state government concerning the denial or issuance of any license or registration required by the State in order to engage in the practice of any business or profession. Nothing in this provision affects Respondent's: (i) testimonial obligations in the context of compulsory testimony; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party.



Burton J. Steen

Date: 1/11/2010, 2010

BEFORE ME this 11th day of January 2010, Burton J. Steen, personally appeared and acknowledges that he executed the foregoing Consent for the purposes therein contained, and that such act of signing is his free act and deed.



Notary Public

My Commission expires: 2/10/11.