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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES 2014 AUG 14 PM 2:37

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
LICENSING, COMPLIANCE AND
ENFORCEMENT

DOCKET No. 140033 (SEC-CAO)

v.

GARRETT FINANCIAL SERVICES, LLC
BRUCE D. GARRETT, SR.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Licensing, Compliance and Enforcement ("Bureau") has conducted an investigation of the business practices of Garrett Financial Services, LLC ("GFS") and Bruce D. Garrett, Sr. ("Garrett") and its officers and employees. Based on the results of its investigation, the Bureau has concluded that GFS and Garrett have operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). GFS and Garrett, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. GFS, CRD #133119, was, at all times material herein, a Pennsylvania limited liability company with an address at 128 Redbud Drive, Beaver Falls, Pennsylvania 15010.

4. Garrett, CRD #1484248, was, at all times material herein, an individual with a residential and business address at 128 Redbud Drive, Beaver Falls, Pennsylvania 15010.

5. From in or about January 2005 to the present, GFS has been registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301 as an investment adviser.

6. From in or about January 2005 to the present, Garrett has been registered pursuant to Section 301 of the 1972 Act, 70 P.S. § 1-301 as an investment adviser representative for GFS.

7. At all times material herein, GFS and Garrett maintained an office and conducted business in Pennsylvania.

8. In or about November 2013, Staff of the Department conducted an examination (“Examination”) of GFS and Garrett.

9. As a result of the Examination, Staff of the Department acquired evidence that GFS and Garrett had full access to certain client accounts through the sharing of client user names and passwords.

VIOLATION

10. By engaging in the acts and conduct set forth in paragraphs 5 through 9 above, the Department finds that GFS and Garrett engaged in dishonest or unethical practices in the securities business or took unfair advantage of a customer by taking actions directly or indirectly, with respect to securities or funds in which their clients’ had a beneficial interest, where they had custody of the securities or funds while their actions were subject to and not in compliance with the requirements of 10 P.S. § 404.013 (relating to investment adviser custody or possession of funds or securities of clients) which acts and conduct form a basis to sanction GFS and Garrett

pursuant to Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix) and Regulation 305.019 (c)(3)(xv), 10 Pa. Code. §1-305(c)(3)(xv).

AUTHORITY

11. The Department has the authority to deny, suspend, revoke or condition the registration of GFS or Garrett under Section 305(a)(ix) of the 1972 Act, 70 P.S. § 1-305(a)(ix) and Regulation 305.019 (c)(3)(xv), 10 Pa. Code. §1-305(c)(3)(xv).

12. The Department has the authority to impose an administrative assessment and also order GFS and Garrett to pay the costs of the investigation pursuant to Sections 602.1(c)(1)(i) and 602.1(b), 70 P.S. § 1-602.1(c)(1)(i) and 70 P.S. § 1-602.1(b), respectively.

RELIEF

13. Garrett Financial Services, LLC and Bruce D. Garrett, Sr. shall pay the Department an administrative assessment in the amount of \$2,500. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Bureau of Securities Licensing, Compliance and Enforcement located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101. Payment is to be made as follows:

a. \$212 is to be paid contemporaneously with the submission of an executed Consent Agreement and Order;

b. \$208 it to be made payable on or before August 1, 2014, and on or before the 1st day of each following month thereafter, concluding with a final payment on or before June 1, 2015.

14. Garrett Financial Services, LLC and Bruce D. Garrett, Sr. shall pay the Department investigative and legal costs in the amount of \$2,500. Payment shall be made by

certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Bureau of Securities Licensing, Compliance and Enforcement located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101. Payment is to be made as follows:

a. \$212 is to be paid contemporaneously with the submission of an executed Consent Agreement and Order;

b. \$208 it to be made payable on or before August 1, 2014, and on or before the 1st day of each following month thereafter, concluding with a final payment on or before June 1, 2015.

15. Garrett Financial Services, LLC and Bruce D. Garrett, Sr. are ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 305(a)(ix), 70 P.S. § 1-305(a)(ix).

16. Should Garrett Financial Services, LLC and Bruce D. Garrett, Sr. fail to pay the costs and the assessment as set forth in paragraphs 13 and 14 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording Garrett Financial Services, LLC and Bruce D. Garrett, Sr. the option of either paying the costs and the assessment or being indefinitely subjected to the sanctions.

17. The Consent Agreement submitted by Garrett Financial Services, LLC and Bruce D. Garrett, Sr. is hereby accepted as a full and final resolution of all matters arising from this investigation by the Staff of the Department and the Consent Agreement and Order herein.

18. Should Garrett Financial Services, LLC and Bruce D. Garrett, Sr. fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and

costs and seek other appropriate relief subject to Garrett Financial Services, LLC and Bruce D. Garrett, Sr.'s right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

19. Consent. GFS and Garrett hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agree that they understand all of the terms and conditions contained herein. GFS and Garrett, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

20. Entire Agreement. This Order contains the entire agreement between the Department, GFS and Garrett. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department, GFS and Garrett.

21. Binding Nature. The Department, GFS and Garrett, and all officers, owners, directors, employees, heirs and assigns of GFS and Garrett intend to be and are legally bound by the terms of this Order.

22. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

23. Effectiveness. GFS and Garrett hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

24. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against GFS and Garrett in the future regarding all matters not resolved by this Order.

(b) GFS and Garrett acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

25. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

26. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

27. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

28. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Licensing, Compliance and Enforcement, Garrett Financial Services, LLC, and Bruce D. Garrett, Sr. intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES LICENSING, COMPLIANCE AND ENFORCEMENT**

James Klutinoty, Chief
Bureau of Securities Licensing, Compliance and Enforcement

Date: 8/12/2014



FOR GARRETT FINANCIAL SERVICES, LLC

(Officer Signature)

Bruce D. Garrett Sr.

(Print Officer Name)

President

(Title)

Date: 7-29-2014

FOR BRUCE D. GARRETT, SR.

(Signature)

Bruce D. Garrett Sr.

(Print Name)

President

(Title)

Date: 7-29-2014