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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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BANKING AND SECURITIES

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

v.

TRUSTMONT FINANCIAL GROUP, INC.

DOCKET No. 13 0070 (SEC-CAO)

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 Trustmont Financial Group, Inc. ("Trustmont") and its officers and employees. Based on the results of its investigation, the Bureau has concluded that Trustmont has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). Trustmont, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees 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. Trustmont, CRD #18312, was, at all times material herein, a Pennsylvania corporation with an address at Scenic Drive Professional Center, 200 Brush Run Road, Suite A, Greensburg, Pennsylvania 15601.

4. At all times material herein, Trustmont was in the business of effecting transactions in securities in Pennsylvania as a “broker-dealer” within the meaning of Section 102(e) of the 1972 Act 70 P.S. § 1-102(e).

5. From in or about September 1986 through the present, Trustmont was registered pursuant to Section 301 of 1972 Act, 70 P.S. § 1-301, as a broker-dealer.

6. At all times material herein, Trustmont maintained offices and conducted business in Pennsylvania.

7. In 2012 and 2013, Staff of the Department conducted examinations (“Examinations”) at Trustmont branch offices located in Pennsylvania.

8. As a result of the Examinations, Staff of the Department acquired evidence that Trustmont employed an agent who was registered pursuant to Section 301 of 1972 Act, 70 P.S. § 1-301, that was engaged in “outside business activities,” as that term is defined by FINRA Rule 3270, and “private securities transactions” as that term is defined by NASD Rule 3040/FINRA (proposed) Rule 3210.

9. At all times material herein, Trustmont knew or should have known that its agent was engaged in the above activities, but Trustmont failed to reasonably supervise its agent conduct related to those activities.

VIOLATION

10. By engaging in the acts and conduct set forth in paragraphs 3 through 9 above, Trustmont failed to reasonably supervise its agent whose acts and conduct form a basis to sanction Trustmont pursuant to Section 305(a)(vii) of the 1972 Act, 70 P.S. § 1-305(a)(vii).

AUTHORITY

11. Because Trustmont has failed to reasonably supervise its agents pursuant to Section 305(a)(vii) of the 1972 Act, the Department has the authority to deny, suspend, revoke or condition any registration of Trustmont or censure Trustmont.

12. Because Trustmont has failed to reasonably supervise its agents pursuant to Section 305(a)(vii) of the 1972 Act, the Department has the authority to impose an administrative assessment of up to \$100,000 for each act or omission that constitutes a violation, and also order Trustmont to pay the costs of the investigation, *see* 70 P.S. § 1-602.1(c)(1)(i) and 70 P.S. § 1-602.1(b).

RELIEF

13. Trustmont shall pay the Department an administrative assessment in the amount of \$100,000. 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. \$25,000 is to be paid contemporaneously with the submission of an executed Consent Agreement and Order;

- b. \$25,000 it to be made payable on or before December 1, 2013;
- c. \$25,000 is to be made payable on or before February 1, 2014; and
- d. \$25,000 is to be made payable on or before April 1 , 2014.

14. Trustmont shall pay the Department investigative and legal costs in the amount of \$25,000. 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 shall be made contemporaneously with the submission of an executed Consent Agreement and Order.

15. The Department acknowledges the representations of Trustmont as set forth in Exhibit A, which is a non-public document appended to this Order and Trustmont is ORDERED to comply with the representations set forth therein.

16. Trustmont Financial Group, Inc. is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 305(a)(vii), 70 P.S. § 1-305(a)(vii).

17. Should Trustmont Financial Group, Inc. 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 Trustmont Financial Group, Inc. the option of either paying the costs and the assessment or being indefinitely subjected to the sanctions.

18. The Consent Agreement submitted by Trustmont Financial Group, Inc. 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.

19. Should Trustmont Financial Group, Inc. 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 Trustmont Financial Group, Inc.'s right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

20. Consent. Trustmont hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. Trustmont, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

21. Entire Agreement. This Order contains the entire agreement between the Department and Trustmont. 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 and Trustmont.

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

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

24. Effectiveness. Trustmont hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

25. 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 Trustmont in the future regarding all matters not resolved by this Order.

(b) Trustmont acknowledges and agrees 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.

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

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

28. 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.

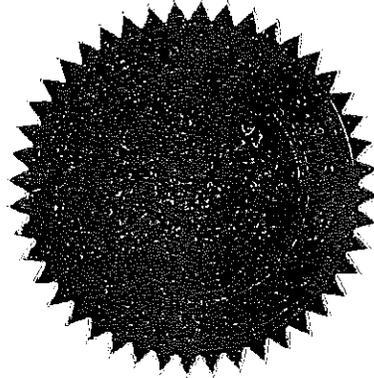
29. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

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 and Trustmont Financial Group, Inc., 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**

Victoria A. Reider
Executive Deputy Secretary of Banking and Securities

Date: November 18, 2013



FOR TRUSTMONT FINANCIAL GROUP, INC.

(Officer Signature)

Clifford T. Orr
(Print Officer Name)

CCO
(Title)

Date: Nov 12, 2013

NON-PUBLIC DOCUMENT

EXHIBIT A

REPRESENTATIONS

