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 *
IN THE MATTER OF: *
 *
JAMES THOMAS BOOTH *
CRD NO. 1906145 *
 *
INSURANCE TRENDS, INC. *
 *
(Collectively, “Respondents”) *
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ORDER TO CEASE AND DESIST
ORDER TO MAKE RESTITUTION
NOTICE OF INTENT TO FINE
NOTICE OF INTENT TO
REVOKE REGISTRATION AS A
BROKER-DEALER AGENT AND AN
INVESTMENT ADVISER AGENT

AND
NOTICE OF RIGHT TO HEARING
DOCKET NO. CDFR-20-8535-S

I. PRELIMINARY STATEMENT

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act.

2. Pursuant to Section 36b-26(a) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, has conducted an investigation into the activities of James Thomas Booth (“Booth”) and Insurance Trends, Inc. (“Insurance Trends”) (collectively “Respondents”) to determine if Respondents have violated, are violating or are about to violate provisions of the Act or Regulations (“Investigation”).

3. As a result of the information obtained during the Investigation, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act and Regulations. Accordingly, the Commissioner believes that a basis exists to: a) issue a cease and desist order against Respondents

pursuant to Section 36b-27(a) of the Act; b) issue an order revoking the broker-dealer agent and investment adviser agent registrations of Booth pursuant to Section 36b-15(a) of the Act; c) order that Respondents make restitution pursuant to Section 36b-27(b) of the Act; and d) impose a fine upon Respondents pursuant to Section 36b-27(d) of the Act.

II. RESPONDENTS

4. Booth is an individual whose address last known to the Commissioner is 5 Greenhill Road, Norwalk, Connecticut 06850.

5. Insurance Trends is a Connecticut limited liability company formed on January 6, 1983 by a non-respondent and business colleague of Booth (the “Non-respondent”). The business address of Insurance Trends listed on the Connecticut Office of the Secretary of State is 200 Connecticut Avenue, Norwalk, Connecticut 06854. In approximately 2008, the Non-respondent retired, and Booth became the control person of Insurance Trends.

III. STATEMENT OF FACTS

6. Beginning in the early 1990s, Booth was registered as a broker-dealer agent and an investment adviser agent of various firms under the Act. Most recently, Booth was registered as a broker-dealer agent and investment adviser agent of LPL Financial LLC (“LPL”) (CRD No. 6413) from February 14, 2018 to June 26, 2019. Booth was also registered as a broker-dealer agent of Invest Financial Corporation (“Invest”) (CRD No. 12984) from December 20, 2005 to February 14, 2018, and as an investment adviser agent of Invest from December 14, 2005 to February 14, 2018.

7. From approximately 2013 to June 26, 2019, while Booth was employed as a broker-dealer agent and investment adviser agent of the above firms, Booth was also the control person of Insurance Trends and had signatory authority over Insurance Trends’ bank accounts. During the relevant period of time, Insurance Trends did not conduct any business.

Enforcement and Criminal Actions against Booth

8. On June 26, 2019, LPL filed a Form U5 indicating that Booth had been discharged from LPL and requesting termination of Booth's registrations with all jurisdictions and self-regulatory organizations. The Form U5, among other things, stated that Booth "admitted to [a] course of conduct beginning while associated with previous member firm involving the misappropriation of client funds for his personal and business use."

9. On June 26, 2019, Booth executed a Letter of Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority ("FINRA") pursuant to FINRA Rule 9216, in which he consented to the imposition of a permanent bar from associating with any FINRA member in any capacity effective July 1, 2019 (FINRA Letter of Acceptance, Waiver and Consent, No. 2019062787101).

10. On September 30, 2019, the Securities and Exchange Commission ("SEC") filed a civil complaint against Booth alleging, among other things, "Booth conducted a multi-year scheme. . . [he] made false or misleading statements to retail investors, telling them their assets would be used to purchase securities. Instead, Booth pocketed the investors' money, using the investors' money to pay personal and business expenses and, from time to time, to pay prior investors in order to keep the scheme going." *Securities and Exchange Commission v. James T. Booth*, Civil Action No. 19-cv-1535 (D. Conn.).

11. On October 22, 2019, Booth pleaded guilty to one count of securities fraud in violation of Title 15, United States Code, Sections 78(j)(b) and 78ff(a) before the United States District Court for the Southern District of New York in *United States v. James T. Booth*, Crim. No. 19-cr-00699-JGK (S.D.N.Y.). The indictment to which Booth pled guilty alleged, among other things, that, from 2013 through 2019, Booth misappropriated approximately \$4.9 million from approximately 40 investors. The sentencing date of Booth is scheduled for February 21, 2020.

12. On November 1, 2019, Booth consented to the entry of an Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions by the SEC (File No. 3-19596) ("SEC Order"). The SEC Order was based on Booth's guilty plea in *United States v. James T. Booth*, and barred Booth from a) association with any

broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and b) from participating in any offering of a penny stock, including acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

The Division's Investigation of Booth

13. As part of the Division's Investigation, on June 19, 2019, the Division issued a subpoena duces tecum to Booth, seeking the production of documents and Booth's on the record testimony. On August 29, 2019, Booth provided the Division with on the record testimony and documents, including, but not limited to, 33 client account statements. Booth testified that, among other things, 1) he solicited his clients at Invest and LPL to invest in outside investment opportunities and instructed these clients to send any money for these investments to Insurance Trends, which many of his clients did; 2) the money his clients sent to Insurance Trends was never used to purchase or invest in anything, but rather was used by Booth to pay his expenses; and 3) that he fabricated client account statements that reflected investments that were never in fact made.

14. From approximately January 2012 until approximately June 2019, Booth misappropriated approximately \$5,000,000 from his clients at Invest and LPL. Booth was essentially operating a Ponzi scheme.

15. Booth did not conduct any legitimate business through Insurance Trends during the relevant period of time but used Insurance Trends as a conduit for misappropriating his clients' money. Booth transferred the investors' money from Insurance Trends' bank account, which Booth controlled, into Booth's own bank accounts, and thereafter used those funds to pay his personal and business expenses. Without the involvement of Insurance Trends, Booth would not have been able to perpetrate his scheme to the extent that he did.

16. On June 26, 2019, applications were filed to withdraw Booth's registrations as a broker-dealer agent and investment adviser agent of LPL under the Act. Section 36b-15(e)(1) of the Act provides that:

“Withdrawal from registration as . . . [an] agent . . . or investment adviser agent . . . becomes effective ninety days after receipt of an application to withdraw such registration . . . or within such shorter period of time as the commissioner may determine, unless a . . . revocation or suspension proceeding is pending when the application . . . is filed or a proceeding to . . . revoke, suspend or impose conditions upon the withdrawal is instituted within ninety days after the application . . . is filed. . . . *If no proceeding is pending or instituted and withdrawal automatically becomes effective, the commissioner may nevertheless institute a . . . revocation or suspension proceeding under subsection (a) of this section within one year after withdrawal became effective.*” (Emphasis added) The withdrawal of Booth’s registrations became effective by operation of law on September 26, 2019.

17. Section 36b-15 of the Act provides, in pertinent part:

(a) The commissioner may, by order . . . revoke any registration . . . if the commissioner finds that (1) the order is in the public interest, and (2) the . . . registrant . . . (B) has wilfully violated or wilfully failed to comply with any provision of sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any regulation or order under said sections or a predecessor statute; (C) has been convicted, within the past ten years, of any misdemeanor involving a security, any aspect of a business involving securities, commodities, investments, franchises, business opportunities, insurance, banking or finance, or any felony, provided any . . . revocation of such registration shall be in accordance with the provisions of section 46a-80. . . (F) is the subject of any of the following sanctions that are currently effective or were imposed within the past ten years . . . (ii) an order of the Securities and Exchange Commission . . . barring such individual from association with a broker dealer or an investment adviser . . . (iii) a suspension, expulsion or other sanction issued by a national securities exchange or other self-regulatory organization registered under federal laws administered by the Securities and Exchange Commission or the Commodity Futures Trading Commission if the effect of the sanction has not been stayed or overturned by appeal or otherwise . . . (H) has engaged in fraudulent, dishonest or unethical practices in the securities, commodities, investment, franchise, business opportunity, banking, finance or insurance business, including abusive sales practices in the business dealings of such applicant, registrant or person with current or prospective customers or clients.

IV. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, REVOCATION OF REGISTRATIONS AS A BROKER-DEALER AGENT AND AN INVESTMENT ADVISER AGENT AND ORDER IMPOSING FINE,

A. Booth is the Subject of a FINRA Bar

18. Paragraphs 1 through 17, inclusive, are incorporated and made a part hereof as more fully set forth herein.

19. FINRA's entry of a permanent bar against Booth from associating with any FINRA member in any capacity, as more fully described in paragraph 9, forms a basis for the revocation of Booth's registration as a broker-dealer agent and investment adviser agent in Connecticut pursuant to Section 36b-15(a)(2)(F)(iii) of the Act.

B. Booth's Felony Conviction Within the Past Ten Years

20. Paragraphs 1 through 19, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

21. Booth's conviction of a felony, as more fully described in paragraph 11, forms a basis for the revocation of Booth's registration as a broker-dealer agent and investment adviser agent in Connecticut pursuant to Section 36b-15(a)(2)(C) of the Act.

C. Booth is the Subject of an SEC Bar

22. Paragraphs 1 through 21, inclusive, are incorporated and made a part hereof as more fully set forth herein.

23. The SEC's entry of an order barring Booth from association with any broker, dealer or investment adviser, as more fully described in paragraph 12, forms a basis for the revocation of Booth's registration as a broker-dealer agent and investment adviser agent in Connecticut pursuant to Section 36b-15(a)(2)(F)(ii) of the Act.

D. Violation of Section 36b-4(a) of the Act by Respondents -
Fraud in Connection with the Offer and Sale of any Security

24. Paragraphs 1 through 23, inclusive, are incorporated and made a part hereof as more fully set forth herein.

25. The conduct of Respondents, as more fully described in paragraphs 13 through 15, constitutes, in connection with the offer, sale or purchase of any security, directly or indirectly employing a device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates

or would operate as a fraud or deceit upon any person. Such conduct constitutes a violation of Section 36b-4(a) of the Act, which forms a basis for an order to cease and desist to be issued against Respondents pursuant to Section 36b-27(a) of the Act, an order that Respondents make restitution under Section 36b-27(b) of the Act, the imposition of a fine upon Respondents pursuant to Section 36b-27(d) of the Act, and, as willful misconduct, a basis for the revocation of Booth's registration as a broker-dealer agent and investment adviser agent pursuant to Section 36b-15(a)(2)(B) of the Act.

E. Dishonest or Unethical Activity by Booth

26. Paragraphs 1 through 25, inclusive, are incorporated and made a part hereof as more fully set forth herein.

27. The conduct of Booth, as more fully described in paragraphs 13 through 15, inclusive, in connection with directly or indirectly receiving compensation or other remuneration for advising another person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, constitutes engaging in a dishonest or unethical practice in connection with the rendering of such advice. Such conduct constitutes a violation of Section 36b-5(f) of the Act, which forms a basis for an order to cease and desist to be issued against Booth pursuant to Section 36b-27(a) of the Act, an order that Booth make restitution under Section 36b-27(b) of the Act, the imposition of a fine upon Booth pursuant to Section 36b-27(d) of the Act, and, as willful misconduct, a basis for the revocation of Booth's registration as a broker-dealer agent and investment adviser agent pursuant to Section 36b-15(a)(2)(B) of the Act.

28. The conduct of Booth, as more fully described in paragraphs 13 through 15, inclusive, constitutes engaging in fraudulent, dishonest or unethical practices in the securities business and therefore forms a basis for revoking Booth's registrations as a broker-dealer agent and investment adviser agent under Section 36b-15(a)(2)(H) of the Act.

V. ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION, NOTICE OF INTENT TO FINE, NOTICE OF INTENT TO REVOKE BROKER-DEALER AGENT AND INVESTMENT ADVISER AGENT REGISTRATIONS AND NOTICE OF RIGHT TO HEARING

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, **JAMES THOMAS BOOTH** has committed at least one violation of Section 36b-4(a) and Section 36b-5(f) of the Act;

WHEREAS, as a result of the Investigation, the Commissioner further finds that a basis exists to revoke the broker-dealer agent and investment adviser agent registration of **JAMES THOMAS BOOTH** pursuant to Sections 36b-15(a)(2)(B), 36b-15(a)(2)(C), 36b-15(a)(2)(F)(ii), 36b-15(a)(2)(F)(iii) and 36b-15(a)(2)(H) of the Act;

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, **INSURANCE TRENDS, INC.** has violated Section 36b-4(a) of the Act;

WHEREAS, the Commissioner further finds that the issuance of an Order to Cease and Desist, Order to Make Restitution, the revocation of Booth's broker-dealer agent and investment adviser agent registrations and the imposition of a fine upon Respondents is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act;

WHEREAS, notice is hereby given to Booth that his registration as a broker-dealer agent and investment adviser agent in Connecticut shall be **REVOKED**, subject to his right to request a hearing on the allegations set forth above;

WHEREAS, notice is hereby given to Booth that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation upon Booth;

WHEREAS, the Commissioner **ORDERS** that **JAMES THOMAS BOOTH CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation: (1) in connection with the offer, sale or purchase of any security, directly or indirectly employing a device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a

material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person; and (2) in connection with his investment advisory activity, engaging in any dishonest or unethical practice.

WHEREAS, the Commissioner **ORDERS** that **INSURANCE TRENDS, INC. CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, violating Section 36b-4(a) of the Act.

WHEREAS, the Commissioner **ORDERS** that Respondents **MAKE RESTITUTION** of any sums obtained as a result of Respondents' violations of Sections 36b-4(a) and 36b-5(f) of the Act, plus interest at the legal rate set forth in Section 37-1 of the General Statutes of Connecticut. Specifically, the Commissioner **ORDERS** that:

1. Within thirty (30) days from the date this Order to Make Restitution becomes permanent, Respondents shall provide the Division with a written disclosure which contains (a) the name and address of each Connecticut investor who sent checks, between January 2012 and June 2019, to Insurance Trends, Inc. for investments not associated with their Invest or LPL account (the "Investor" or "Investors"), (b) the amount collected from each investor, (c) the date of each investment, and (d) the amount of any refunds of principal or purported interest payments made to each investor;
2. Within forty-five (45) days from the date this Order to Make Restitution becomes permanent, Respondents shall reimburse each Investor the amount of funds collected from the investor plus interest, less funds returned in the form of purported refunds of principal and purported interest payments. Such restitution shall be made by certified check, and shall be sent by certified mail, return receipt requested, to each affected investor; and
3. Within ninety days (90) days from the date this Order to Make Restitution becomes permanent, Respondents shall provide the Division with proof in the form of copies of the certified checks and the return receipts required by paragraph 2 of Section V of this Order to Cease and Desist, Order to make Restitution, Notice of Intent to Fine, Notice of Intent to Revoke Registration as a Broker-Dealer Agent and an Investment Adviser Agent and Notice of Right to Hearing (collectively "Order"), that Respondents have reimbursed the Investors the amount of funds collected from each investor plus interest, less funds returned in the form of purported refunds of principal and purported interest payments.

THE COMMISSIONER FURTHER ORDERS THAT, pursuant to Sections 36b-15(f) and 36b-27 of the Act, Respondents will be afforded an opportunity for a hearing on the allegations set forth above if a written request for a hearing is received by the Department of Banking, Securities and Business

Investments Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 within fourteen (14) days following each Respondent's receipt of this Order.

To request a hearing, each Respondent must complete and return the enclosed Appearance and Request for Hearing Form to the above address. If either Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". If a hearing is requested, the hearing will be held on March 26, 2020, at 10 a.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut.

The hearing will be held in accordance with the provisions of Chapter 54 of the General Statutes of Connecticut. At such hearing, Respondents will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If either Respondent does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against such Respondent will be deemed admitted. Accordingly, the Order to Cease and Desist shall remain in effect and become permanent against Respondents, the Commissioner may order that the maximum fine be imposed upon Respondents and the Commissioner shall issue an order revoking Booth's registrations as a broker-dealer agent and as an investment adviser agent.

Dated at Hartford, Connecticut,
this 14th day of February 2020.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 14th day of February 2020, I caused to be mailed by certified mail, return receipt requested, the foregoing Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Fine, Notice of Intent to Revoke Registration as a Broker-Dealer Agent and an Investment Adviser Agent and Notice of Right to Hearing to: James Thomas Booth, 5 Greenhill Road, Norwalk, Connecticut 06850, certified mail no. 7014 2120 0000 3701 2228; Insurance Trends, Inc., 200 Connecticut Avenue, Norwalk, Connecticut 06854, certified mail no. 7014 2120 0000 3701 2211; and Frank P. Bevilacqua, Esq., DePanfilis & Vallerie, LLC, P.O Box 699, Norwalk, CT 06852, certified mail no. 7014 2120 0000 3701 2235.

_____/s/_____
Julie Carta
Administrative Assistant