
*
IN THE MATTER OF: *
*
THE HANSBURY GROUP, LLC *
*
(CRD NO. 127205) *
*

CONSENT ORDER
NO. CO-20-14431-S

I. PRELIMINARY STATEMENT

WHEREAS, 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;

WHEREAS, The Hansbury Group, LLC (“Hansbury”), with a principal place of business previously located at 1105 Sienna Drive, Danbury, Connecticut 06811, was registered as an investment adviser under the Act from November 25, 2003 to December 31, 2019;

WHEREAS, from its inception, Hansbury had only two employees, the managing member and owner (“Managing Member”) who resided in Danbury, Connecticut, and another individual, Hansbury’s investment adviser agent (the “Agent”), who resided in Israel. The Managing Member has never been registered under the Act. The registrations of both Hansbury and the Agent lapsed in December 2019;

BACKGROUND: 2016 EXAMINATION

WHEREAS, on October 31, 2016, the staff of the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”) conducted an examination of Hansbury

("2016 Examination"). During the 2016 Examination, Division Staff discovered that Hansbury was not complying with the supervisory requirements of Section 36b-31-6f(c)(5) of the Regulations which require a firm to use "[r]easonable efforts to determine that all supervisory personnel are qualified by virtue of experience or training to carry out their assigned responsibilities" because the Managing Member did not have the requisite experience or training to supervise the Agent. At the Division's request and in an effort to qualify the Managing Member as a "supervisor", the Managing Member sat for the Series 65 Examination on January 31, 2017 and March 2, 2017, but unfortunately did not achieve a passing score on the examination;

WHEREAS, in order to rectify the firm's failure to comply with Section 36b-31-6f(c)(5) of the Regulations, on May 22, 2017, the Division and Hansbury entered into a Letter of Understanding ("LOU"), whereby Hansbury made several representations to the Division, including that 1) until the Managing Member passed the Series 65 Examination, Hansbury would hire an outside consultant to conduct a yearly investment adviser compliance audit of Hansbury's business ("Hansbury Audits"), 2) the outside consultant would file a written report of his/her findings from the compliance audit with Hansbury, and 3) Hansbury would provide a copy of the written report to the Division by December 31 of each calendar year;

2019 EXAMINATION OF HANSBURY

WHEREAS, on October 28 and 29, 2019, the Division conducted another examination of Hansbury ("2019 Examination"). During the 2019 Examination, the Division staff discovered that Hansbury had not hired an outside consultant to conduct the Hansbury Audits as required by the LOU (and that the Managing Member still had not passed the Series 65 Examination);

WHEREAS, on November 4, 2019, the Division notified Hansbury in writing that Hansbury had not complied with the LOU. In response, Hansbury engaged an outside consultant to conduct the Hansbury Audits and on March 13, 2020, Hansbury forwarded to the Division a copy of the written audit

report by an outside consultant that covered the period of time from January 1, 2017 through March 1, 2020;

WHEREAS, as a result of the Investigation, the Commissioner has reason to believe that the foregoing conduct violates certain provisions of the Act and Regulations, and would support administrative proceedings against Hansbury under Section 36b-15 of the Act and Section 36b-27 of the Act;

WHEREAS, Section 36b-15(e)(2) of the Act provides that: “If the registration of a broker-dealer, agent, investment adviser or investment adviser agent expires due to the registrant's failure to renew, within one year of such expiration, the commissioner may nevertheless institute a revocation or suspension proceeding or issue an order suspending or revoking the registration under subsection (a) of this section.”

WHEREAS, Section 36b-31(a) of the Act provides, in relevant part, that “[t]he commissioner may from time to time make . . . such . . . orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Section 36b-31(b) of the Act provides, in relevant part, that “[n]o . . . order may be made . . . unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, an administrative proceeding initiated under Section 36b-15 of the Act and Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, and prior to the initiation of any formal proceeding, the Commissioner and Hansbury have reached an

agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Hansbury expressly consents to the Commissioner's jurisdiction under the Act and to the terms of this Consent Order;

WHEREAS, the Commissioner finds that the entry of this Consent Order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act;

WHEREAS, Hansbury responded quickly in securing the compliance audits after being notified of the findings of the 2019 Examination;

WHEREAS, to date, the Division has not found evidence of client harm in connection with the Section 36b-23 violation referenced below and upon which this Consent Order is based;

WHEREAS, the registrations of Hansbury and the Agent lapsed in December 2019;

AND WHEREAS, Hansbury, through its execution of this Consent Order, specifically assures the Commissioner that the violations alleged in this Consent Order shall not occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Hansbury, through its execution of this Consent Order, voluntarily waives the following rights:

1. To be afforded notice and an opportunity for a hearing within the meaning of Sections 36b-15(f) and 36b-27 of the Act and Section 4-177(a) of the General Statutes of Connecticut;
2. To present evidence and argument and to otherwise avail itself of Sections 36b-15(f) and 36b-27 of the Act and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present its position in a hearing in which it is represented by counsel;
4. To have a written record of the hearing made and a written decision issued by a hearing officer; and
5. To seek judicial review of, or otherwise challenge or contest the matters described herein, including the validity of this Consent Order.

III. ACKNOWLEDGEMENT OF THE COMMISSIONER'S ALLEGATIONS

WHEREAS, Hansbury, through its execution of this Consent Order, acknowledges the following allegations of the Commissioner:

1. Hansbury violated Section 36b-23 of the Act by making representations to the Division in a Letter of Understanding regarding actions to be undertaken by Hansbury, which Hansbury failed to undertake; and
2. Hansbury violated Section 36b-31-6f(b) of the Regulations by failing to establish, enforce and maintain a system for supervising the activities of its investment adviser agents that was reasonably designed to achieve compliance with applicable securities laws and regulations.

WHEREAS, the Commissioner would have the authority to enter findings of fact and conclusions of law after granting Hansbury an opportunity for a hearing;

AND WHEREAS, Hansbury acknowledges the possible consequences of an administrative hearing and voluntarily agrees to consent to the entry of the sanctions described below.

IV. CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Hansbury, through its execution of this Consent Order, consents to the Commissioner's entry of an order imposing on it the following sanctions:

1. Hansbury, its representatives, agents, and employees shall cease and desist from engaging in conduct constituting or which would constitute a violation of the Act or any regulation, rule or order adopted or issued under the Act, either directly or through any person, organization or other device, including without limitation engaging in any activity in or from Connecticut that violates Section 36b-23 of the Act and Section 36b-31-6f(b) of the Regulations;
2. No later than the date this Consent Order is entered by the Commissioner, Hansbury shall remit to the Department, by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut," the sum of five thousand dollars (\$5,000), which shall constitute an administrative fine.

V. CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Hansbury and/or its affiliates and successors

in interest based upon a violation of this Consent Order or the matters underlying its entry if the Commissioner determines that compliance with the terms herein is not being observed;

3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Hansbury and/or its affiliates and successors in interest based upon evidence of which the Division was unaware on the date hereof relating to a violation of the Act or any regulation or order under the Act;
4. Hansbury shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis;
5. Hansbury shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Hansbury's (i) testimonial obligations; or (ii) right to take a legal or factual position in litigation or other legal proceeding in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 16th day of November 2020.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Steven L. Berr, state on behalf of The Hansbury Group, LLC (“Hansbury ”), that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Hansbury; that Hansbury agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Hansbury consents to the entry of this Consent Order.

The Hansbury Group, LLC

By: _____/s/_____
Steven L. Berr
Managing Member

Date: 11/01/2020