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IN THE MATTER OF:
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 *
CLIPPER CAPITAL GROUP LLC
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 *
T&T CAPITAL PARTNERS LLC
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 *
STEVEN ALAN TAVARES
(CRD No. 3102434)
 *
(Collectively, “Respondents”)
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**AMENDED AND RESTATED
 ORDER TO CEASE AND DESIST**
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**AMENDED AND RESTATED
 ORDER TO MAKE RESTITUTION**
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**AMENDED AND RESTATED
 NOTICE OF INTENT TO FINE**
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AND
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**AMENDED AND RESTATED
 NOTICE OF RIGHT TO HEARING**
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MATTER NO. CRF-22-202022-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 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 Investigation, the Commissioner issued an Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Fine and Notice of Right to Hearing (the “Notice”) on August 3, 2022, which Notice is hereby amended and superseded.

4. Respondents, through their attorney, requested a hearing concerning the allegations set forth in the Notice.

5. On September 8, 2022, the Commissioner issued a Notification of Hearing and Designation of Hearing Officer appointing Attorney Eric Beckenstein as Hearing Officer.

6. Based on information the Division received after Notice was issued, the Division conducted a further investigation of Respondents.

7. As a result of the Investigation, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act.

8. As a result of the Investigation, the Commissioner has reason to believe that a basis exists to issue a cease and desist order against Respondents pursuant to Section 36b-27(a) of the Act.

9. As a result of the Investigation, the Commissioner has reason to believe that a basis exists to order that Respondents make restitution pursuant to Section 36b-27(b) of the Act.

10. As a result of the Investigation, the Commissioner has reason to believe that a basis exists to impose a fine upon Respondents pursuant to Section 36b-27(d) of the Act.

II. RESPONDENTS

11. Clipper Capital Group LLC (“Clipper”) is a Connecticut limited liability company (dissolved by the Connecticut Office of Secretary of the State on July 28, 2022 for failure to file an Annual Report), whose principal place of business and address last known to the Commissioner is 6 Williams Street, Mystic, Connecticut 06355. Clipper’s original business purpose was to buy, refurbish and sell properties, and eventually morphed into a lending business. Clipper is not and has never been registered in any capacity under the Act.

12. T&T Capital Partners LLC (“T&T”) is a Connecticut limited liability company (currently in default with the Connecticut Office of Secretary of the State), and commercial lender whose principal place of business and address last known to the Commissioner is 735 Broad Street Extension, Waterford, Connecticut 06385. T&T is not and has never been registered in any capacity under the Act.

13. Steven Alan Tavares (“Tavares”) is an individual whose address last known to the Commissioner is 6 Williams Street, Mystic, Connecticut 06355. Tavares was registered under the Act as a broker-dealer agent of various firms from approximately September 1998 to approximately December 2004. Since 2004, Tavares has been involved in buying, selling and “flipping” real estate, as well as being involved in commercial lending and making and providing loans. Tavares is the managing member and control person of Clipper, and the managing partner of T&T.

III. STATEMENT OF FACTS

14. From approximately November 2005 to approximately June 2010, Tavares, through Clipper and T&T, offered and sold approximately \$180,000 in securities consisting of promissory notes (“Promissory Notes”) to at least two Connecticut investors and at least one Florida investor.

Investor A

15. Respondents offered and sold to a Connecticut couple (collectively, “Investor A”) investments in the form of five Promissory Notes for Investor A’s retirement accounts. The Promissory Notes sold to Investor A had various maturity dates, some of which were extended by Tavares (on behalf of the respective Respondents) to 2018 and 2020 without Investor A’s consent or approval. At the time of the offer and sale of the Promissory Notes to Investor A, Respondents did not disclose to Investor A that the terms of the Promissory Notes could be unilaterally extended by Respondents without Investor A’s approval or consent.

16. Tavares, on behalf of Clipper and T&T represented to Investor A that:

- the promissory notes were for real estate loans made to parties unable to obtain financing through regular sources; and

- on a certain date (the due date), Investor A would be paid back the face value of the Promissory Notes plus 10% interest. In addition, each of the Promissory Notes clearly stated that “The unpaid principal and accrued interest shall be payable on or before [the due date], at which time the unpaid principal and interest shall be due in full.”

17. Initially, Tavares provided Investor A with detailed information about the value of the Promissory Notes including property appraisals and other details about the investment. However, since approximately 2008, Tavares has been unresponsive to Investor A’s requests for information and repayment of the Promissory Notes, all of which have matured (the last maturing in 2020).

18. From approximately 2008 to the present, Respondents used a third-party custodian to send Investor A account statements. Respondents communicated the purported values of the Promissory Notes to the custodian, and the custodian in turn used those values to create and send account statements to Investor A. The account statements (based on the values Tavares communicated to the custodian) led Investor A to believe that the Promissory Notes (having an original face value of \$89,000) were valued at \$119,000. However, the Division has reason to believe that the actual value of the Promissory Notes at the time of the representation was significantly less than \$119,000, if not zero, and at least one of the Promissory Notes was in default and had no value. Respondents’ role in communicating inflated and misleading account statements to Investor A constituted 1) employing a device, scheme or artifice to defraud Investor A within the meaning of Section 36b-4(a)(1) of the Act; and 2) engaging in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person within the meaning of Section 36b-4(a)(3) of the Act.

Investor B

19. Investor B is an individual residing in Florida.

20. On November 7, 2005, Tavares and T&T offered and sold to Investor B at least two Promissory Notes totaling \$91,000. The Promissory Notes sold to Investor B provided that payment of the principal and interest were due on or before November 10, 2008. The Promissory Notes were not repaid to Investor B on or before November 10, 2008.

21. On July 10, 2013, Tavares, on behalf of T&T, and Investor B entered into a Loan Modification and Extension Agreement, whereby the due date for the Promissory Notes was extended to December 31, 2016.

22. To date, the Promissory Notes have not been repaid to Investor B.

23. The Promissory Notes sold to Investor A and Investor B constitute securities within the meaning of Section 36b-3(19) of the Act, which securities were not registered under Section 36b-16 of the Act nor were they the subject of a filed exemption claim or claim of covered security status.

False or Misleading Statements to the Commissioner

24. As part of the Division's Investigation, on September 8, 2020, the Division sent a written records request to the Respondents seeking documents, including but not limited to, copies of any promissory notes issued by or on behalf of Respondents, a list of investors that were party to any promissory notes and the bank records for T&T and Clipper. Although Respondents produced a limited number of documents, as of March 2021, the Division had not received the majority of documents requested in the Division's September 8, 2020 records request and in follow up correspondence from the Division. On March 15, 2021, the Division issued a subpoena to the Respondents for on the record ("OTR") testimony and the production of documents, including any remaining documents not produced in response to the September 2020 letter.

25. On April 27, 2021, Tavares, individually and on behalf of the other Respondents, provided OTR testimony to the Division staff, but failed to produce any documents in response to the subpoena. During the OTR testimony, Division staff, again, requested that Respondents provide the documents in the subpoena or at a minimum a list of individuals (names, addresses and amounts) to whom Respondents had offered and sold promissory notes. Tavares represented to Division staff that he would provide such documents and/or lists of individuals who invested in promissory notes.

26. To date, despite Tavares' representation during the OTR testimony, Tavares has failed to provide the Division any documents and/or information regarding the individuals who invested in promissory notes. Tavares made at least one statement to the Commissioner during the Investigation that

was, at the time and in the light of the circumstances under which it is made, false or misleading in a material respect or, in connection with the statement, omitted to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading.

**IV. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST,
ORDER TO MAKE RESTITUTION AND ORDER IMPOSING FINE**

a. Violation of Section 36b-16 of the Act by Respondents –
Offer and Sale of Unregistered Securities

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

28. Respondents offered and sold unregistered securities in or from Connecticut to at least one investor, as more fully described in paragraphs 14 through 23, inclusive, which securities were not registered in Connecticut under the Act, as more fully described in paragraph 23. The offer and sale of such securities absent registration constitutes a violation of Section 36b-16 of the Act, which forms a basis for an order to cease and desist to be issued against Respondents under Section 36b-27(a) of the Act, an order that Respondents make restitution under Section 36b-27(c) of the Act, and for the imposition of a fine upon Respondents under Section 36b-27(d) of the Act.

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

29. Paragraphs 1 through 28, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

30. The conduct of Respondents, as more fully described in paragraphs 14 through 23, inclusive, 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 under Section 36b-27(a) of the Act, an order that Respondents make restitution under Section 36b-27(c) of the Act, and for the imposition of a fine upon Respondents under Section 36b-27(d) of the Act.

c. Violation of 36b-23 of the Act by Tavares –
False or Misleading Statements or Omissions in Connection with Division Investigation

31. Paragraphs 1 through 30, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

32. The conduct of Tavares, as more fully described in paragraphs 25 and 26, constitutes a violation of Section 36b-23 of the Act, which forms a basis for an order to cease and desist to be issued against Tavares under Section 36b-27(a) of the Act, and for the imposition of a fine upon Tavares under Section 36b-27(d) of the Act.

V. AMENDED AND RESTATED ORDER TO CEASE AND DESIST, AMENDED AND RESTATED ORDER TO MAKE RESTITUTION, AMENDED AND RESTATED NOTICE OF INTENT TO FINE AND AMENDED AND RESTATED NOTICE OF RIGHT TO HEARING

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Clipper Capital Group LLC has committed at least one violation of Sections 36b-16 and 36b-4(a) of the Act;

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, T&T Capital Partners LLC has committed at least one violation of Sections 36b-16 and 36b-4(a) of the Act;

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Respondent Tavares has committed at least one violation of Sections 36b-16, 36b-4(a) and 36b-23 of the Act;

WHEREAS, the Commissioner further finds that the issuance of an Order to Cease and Desist, an Order to Make Restitution 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 Respondents that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation upon Respondents;

WHEREAS, the Commissioner **ORDERS** that **CLIPPER CAPITAL GROUP LLC CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, offering and selling unregistered securities and, 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;

WHEREAS, the Commissioner **ORDERS** that **T&T CAPITAL PARTNERS LLC CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, offering and selling unregistered securities and, 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;

WHEREAS, the Commissioner **ORDERS** that **STEVEN ALAN TAVARES CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, offering and selling unregistered securities, 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 making any statements to the Commissioner that are, at the time and in the light of the circumstances under which

they are made, false or misleading in any material respect or, in connection with the statement, omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading;

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-16 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 of the individual investors (or entities) to whom Respondents offered and sold promissory notes (the "Note Investors"), including, without limitation the Promissory Notes referenced herein, (b) the amount collected from each Note Investor, (c) the date of each investment, and (d) the amount of any refunds of principal or purported interest payments made to each Note Investor;
2. Within forty-five (45) days from the date this Order to Make Restitution becomes permanent, Respondents shall reimburse each Note Investor the amount of funds collected from the Note Investor plus interest, less funds returned in the form of purported refunds of principal and purported interest payments, with respect to each Note Investor's purchase of promissory notes. Such restitution shall be made by certified check, and shall be sent by certified mail, return receipt requested, to each affected Note 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 Amended and Restated Order to Cease and Desist, Amended and Restated Order to make Restitution, Amended and Restated Notice of Intent to Fine and Amended and Restated Notice of Right to Hearing (collectively "Amended Notice"), that Respondents have reimbursed each Note Investor the amount of funds collected from the Note Investor plus interest, less funds returned in the form of purported refunds of principal and purported interest payments, with respect to each Note Investor's investment in promissory notes.

THE COMMISSIONER FURTHER ORDERS THAT, pursuant to Section 36b-27 of the Act, Respondents will be afforded an opportunity for a hearing on the allegations set forth above. A hearing has been requested by Respondents and is scheduled for May 17, 2023.

The hearing will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, Section 149 of June Special Session Public Act 21-2, as amended by Section 1 of Public

Act 22-3, and the Remote Hearing Guidelines available on the Departments website at <https://portal.ct.gov/dob>.

If any Respondent fails to appear at any such hearing, the allegations herein against such Respondent will be deemed admitted. Accordingly, the Order to Cease and Desist and Order to Make Restitution shall remain in effect and become permanent against any such Respondent, and the Commissioner may order that the maximum fine be imposed upon any such Respondent.

Dated at Hartford, Connecticut,
this 2nd day of May 2023.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 3rd day of May 2023, I caused to be mailed by certified mail, return receipt requested, the foregoing Amended and Restated Order to Cease and Desist, Amended and Restated Order to Make Restitution, Amended and Restated Notice of Intent to Fine and Amended and Restated Notice of Right to Hearing to: Clipper Capital Group LLC, 6 Williams Street, Mystic, Connecticut 06355, certified mail no. 70162710000058969995; T&T Capital Partners LLC, 6 Williams Street, Mystic, Connecticut 06355, certified mail no. 70221670000209232630; and 735 Broad Street Extension, Waterford, Connecticut 06385, certified mail no. 70211970000178983951; Steven Alan Tavares, 6 Williams Street, Mystic, Connecticut 06355, certified mail no. 70221670000209232647; and by email to jwolfson@feinerwolfson.com.

_____/s/_____
Christopher Cartelli
Paralegal