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**IN THE MATTER OF:** \*  
\*  
**ROMANO BROTHERS AND COMPANY** \*  
**(CRD NO. 3215)** \*  
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**STIPULATION AND AGREEMENT**  
**NO. ST-18-8476-S**

**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 *et seq.* of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

**WHEREAS**, Romano Brothers and Company (“RBC”) is an Illinois corporation incorporated on August 1, 1963. RBC maintains its principal office at 1560 Sherman Avenue, Suite 1300, Evanston, Illinois 60201 and has no branch offices. RBC is registered as a broker-dealer with the Financial Industry Regulatory Authority (“FINRA”) and the Securities and Exchange Commission (“SEC”). RBC is also an SEC-registered investment adviser;

**WHEREAS**, in August 2018, RBC self-reported to the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”) that it had transacted business as a broker-dealer in Connecticut absent registration under the Act. RBC disclosed that the firm had transacted business from 2012 to 2018 with two customers who were Connecticut residents, who became customers of RBC after inheriting assets from another RBC customer who was not a Connecticut resident. RBC subsequently disclosed to the Division it had also transacted business with one other Connecticut resident who is no longer a customer;

**WHEREAS**, at the time RBC transacted business as a broker-dealer in Connecticut as described above, RBC was not registered as a broker-dealer under the Act;

**WHEREAS**, RBC has represented in writing that it had erroneously believed that there was a five-client de minimus exemption from the definition of broker-dealer in Connecticut;

**WHEREAS**, on August 3, 2018, RBC filed with the Division an application for registration as a broker-dealer pursuant to Sections 36b-7 and 36b-32 of the Act and to register two agents of RBC in Connecticut;

**WHEREAS**, the Commissioner, through the Division, conducted a follow-up investigation pursuant to Sections 36b-8 and 36b-26 of the Act;

**WHEREAS**, as a result of such investigation, the Commissioner ascertained that RBC violated Section 36b-6(a) of the 2018 Supplement to the General Statutes (“2018 Supplement”) by effecting securities transactions at a time when the firm was not registered as a broker-dealer under the Act;

**WHEREAS**, the Commissioner believes that a violation of Section 36b-6(a) of the 2018 Supplement would support the initiation of administrative proceedings against RBC under Section 36b-15 of the Act and Section 36b-27 of the 2018 Supplement;

**WHEREAS**, an administrative proceeding initiated under Section 36b-15 of the Act and Section 36b-27 of the 2018 Supplement 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 of the Connecticut State Agencies provide that a contested case may be resolved by stipulation or agreed settlement, unless precluded by law;

**WHEREAS**, RBC desires to settle the matters described herein and voluntarily enters into this Stipulation and Agreement, acknowledging that this Stipulation and Agreement is in lieu of any court action or administrative proceeding adjudicating any issue of fact or law on the matters described herein;

**WHEREAS**, RBC expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Stipulation and Agreement;

**WHEREAS**, RBC, through its execution of this Stipulation and Agreement, voluntarily waives any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement;

**AND WHEREAS**, RBC specifically assures the Commissioner that none of the violations alleged in this Stipulation and Agreement shall occur in the future.

**NOW THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:**

1. RBC, its officers, directors, employees and representatives shall refrain from engaging in conduct constituting or which would constitute a violation of the Act or any regulation or order under the Act, including, without limitation, transacting business as a broker-dealer absent registration;
2. RBC shall implement revised supervisory and compliance procedures designed to improve regulatory compliance, which procedures shall, at a minimum, provide for enhanced monitoring of state broker-dealer licensing requirements;
3. No later than the date this Stipulation and Agreement is executed by the Commissioner, RBC 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 forty dollars (\$5,040), two thousand five hundred dollars (\$2,500) of which shall constitute an administrative fine and two thousand five hundred forty dollars (\$2,540) of which shall constitute reimbursement for past due registration fees;
4. Execution of this Stipulation and Agreement by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against RBC and/or its affiliates and

successors in interest based upon a violation of this Stipulation and Agreement or the matters underlying its entry if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by RBC and set forth herein or made in connection with RBC's application for broker-dealer registration is subsequently determined to be untrue;

5. Nothing in this Stipulation and Agreement shall be construed as limiting the Commissioner's ability to take enforcement action against RBC and/or its affiliates and successors in interest based upon: (i) 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; or (ii) evidence indicating that RBC withheld material information from, or made any material misstatement or omission to, the Commissioner in connection with this matter; and
6. This Stipulation and Agreement shall become binding when executed by both parties hereto.

**IN WITNESS WHEREOF**, the undersigned have executed this Stipulation and Agreement on the dates indicated.

Dated at Hartford, Connecticut,  
this 11<sup>th</sup> day of December 2018.

\_\_\_\_\_/s/\_\_\_\_\_  
Jorge L. Perez  
Banking Commissioner

I, Eric Arthur Bederman, state on behalf of Romano Brothers and Company that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of Romano Brothers and Company; and that Romano Brothers and Company agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Romano Brothers and Company

By: \_\_\_\_\_/s/\_\_\_\_\_  
Eric Arthur Bederman  
Chief Financial Officer / Chief Compliance Officer

State of: Illinois

County of: Cook

On this the 10<sup>th</sup> day of December 2018, before me, the undersigned officer, personally appeared Eric Arthur Bederman, who acknowledged himself to be the Chief Financial Officer / Chief Compliance Officer of Romano Brothers and Company, and that he, as such Chief Financial Officer / Chief Compliance Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of Romano Brothers and Company, by himself as Chief Financial Officer / Chief Compliance Officer.

In witness whereof I hereunto set my hand.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public  
Date Commission Expires: 3/30/2020