
*
IN THE MATTER OF: *
*
SOLIUM FINANCIAL SERVICES LLC *
*
(CRD No. 147933) *
*

CONSENT ORDER
NO. CO-20-14428-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, Solium Financial Services LLC (“SFS”) is a broker-dealer with a principal place of business at 50 Tice Boulevard, Suite A-18, Woodcliff Lake, New Jersey 07677. On May 2, 2019, SFS applied for registration as a broker-dealer under Sections 36b-7 and 36b-12 of the Act, and such application remains pending;

WHEREAS, on May 1, 2019, Morgan Stanley had acquired Solium Capital Inc., which included Solium Capital Inc.’s subsidiaries, Solium Holdings USA LLC and SFS (hereinafter, collectively with SFS and its affiliates, “Solium”);

WHEREAS, Solium’s business focuses on providing equity plan administration software to employers. Employee-participants of employer-sponsored equity plans that utilize Solium’s software can view and track the options and shares issued to them by their employers. If an employee-participant residing in Connecticut requests an exercise or liquidation through Solium’s software, SFS would then transmit an order in the relevant account at a clearing broker-dealer registered in Connecticut and then route the proceeds to the employee-participant’s accounts. SFS would receive a share of the commissions earned on these transactions. SFS does not provide advice to employee-participants or solicit transactions in any manner;

WHEREAS, after the acquisition by Morgan Stanley, SFS self-reported to state securities regulators that it had transmitted certain securities orders in certain jurisdictions at a time when SFS was not registered as a broker-dealer in such jurisdictions;

WHEREAS, members of the North American Securities Administrators Association, Inc. (“NASAA”), with Alabama serving as the lead state (collectively, the “State Regulators”) conducted a coordinated investigation of SFS to determine whether SFS’ activity was in violation of the relevant jurisdictions’ broker-dealer registration requirements;

WHEREAS, Section 36b-31(c) of the Act authorizes the Commissioner to cooperate with the securities agencies or administrators of other states with a view toward, among other things, conducting joint investigations and sharing and exchanging information and documents;

WHEREAS, SFS has cooperated during the course of the investigation and has agreed to resolve the investigation with the State Regulators;

WHEREAS, a result of the foregoing investigation, the State Regulators, including the Commissioner, ascertained that, from at least January 2009 to date, SFS transmitted orders for employee-participants residing in Connecticut at a time when SFS was not registered as a broker-dealer under the Act;

WHEREAS, the Commissioner has reason to believe that the foregoing conduct violates Section

36b-6(a) of the Act, and would support administrative proceedings against SFS under Sections 36b-15 and 36b-27 of the Act;

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 SFS 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, SFS 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;

AND WHEREAS, SFS, through its execution of this Consent Order, specifically assures the

Commissioner that the violation alleged in this Consent Order shall not occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, SFS, 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 Section 36b-15(f) of the Act, Sections 36b-27(a) and 36b-27(d)(2) 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 Section 36b-15(f) of the Act, Sections 36b-27(a) and 36b-27(d)(2) 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 ALLEGATION

WHEREAS, SFS, through its execution of this Consent Order, and without admitting or denying the Commissioner's allegations, acknowledges the following allegation of the Commissioner: From at least January 2009 to 2019, SFS violated Section 36b-6(a) of the Act by transacting business as a broker-dealer while unregistered.

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

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

1. SFS, 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 violating Section 36b-6(a) of the Act;
2. No later than ten days following the entry of this Consent Order by the Commissioner, SFS, directly or through its control affiliate, shall remit to the Department, by wire transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of fifty one thousand one hundred thirty six dollars (\$51,136), forty nine thousand two hundred ninety six dollars (\$49,296) of which shall constitute an administrative fine and one thousand eight hundred forty dollars (\$1,840) of which shall constitute reimbursement for past due registration fees;

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. This Consent Order concludes the investigation by the Commissioner and any other action that the Commissioner could commence under the Act as it relates to the specific allegations herein contained, provided that the entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against SFS 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 SFS 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. SFS 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. SFS 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 SFS' (i) testimonial obligations; or (ii) right to take a legal or factual position in litigation or other legal proceedings in which the Commissioner is not a party;
6. This Consent Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser or issuer under the laws, rules and regulations of Connecticut, and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which SFS or any of its affiliates may be subject under the laws, rules and regulations of Connecticut;
7. Nothing in this Consent Order is intended to form the basis for any disqualification under the laws of any state, the District of Columbia, Puerto Rico or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations; or under the federal securities laws, including but not limited to, Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A and Rules 504 and 506 of Regulation D under the Securities Act of 1933 and Rule 503 of Regulation CF. Furthermore, nothing in this Consent Order is intended to form the basis for disqualification under FINRA rules prohibiting continuance in membership or disqualification under other SRO rules

prohibiting continuance in membership. This Consent Order is not intended to be a final order based upon violations of any Connecticut statute, rule or regulation that prohibits fraudulent, manipulative or deceptive conduct;

8. Except in an action by the Commissioner to enforce the obligations in this Consent Order, this Consent Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of SFS in any civil, criminal, arbitration or administrative proceeding in any court, administrative agency or other tribunal;
9. This Consent Order is not intended to state or imply willful, reckless or fraudulent conduct by SFS or its affiliates, directors, officers, employees, associated persons or agents;
10. Effective upon the entry of this Consent Order and the payment of those sums described in paragraph 2 of Part IV of this Consent Order, the name of “Solium Financial Services LLC” shall be entered on the Register of Broker-dealers pursuant to Section 36b-8 of the Act; and
11. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut
this 21st day of February 2020.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Michael Hennessy, state on behalf of Solium Financial Services LLC, 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 Solium Financial Services LLC; that Solium Financial Services LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Solium Financial Services LLC consents to the entry of this Consent Order.

Solium Financial Services LLC

By: _____/s/_____
Michael Hennessy
Managing Director

State of: New York

County of: Westchester

On this the 18th day of February 2020, before me, the undersigned officer, personally appeared Michael Hennessy, who acknowledged himself to be the Managing Director of Solium Financial Services LLC, and that he, as such Managing Director, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of Solium Financial Services LLC by himself as Managing Director.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public
Date Commission Expires: June 21, 2023