
*
IN THE MATTER OF: *
*
FREDERIC H. SALUSBURY *
*

CONSENT ORDER
NO. CO-21-11827-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 Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”), has conducted an investigation pursuant to Section 36b-26 of the Act into the activities of Frederic H. Salusbury (“Respondent”) to determine if he has violated, is violating or is about to violate provisions of the Act or Regulations (“Investigation”);

WHEREAS, Respondent is an individual residing in Greenwich, Connecticut and is not and has not been registered in any capacity under the Act;

WHEREAS, the Commissioner, as a result of the Investigation, has obtained evidence that: (1) in February 2018 Respondent signed a promissory note in the amount of \$100,000 (“Promissory Note”) issued to one Connecticut investor (the “Investor”); (2) the Promissory Note provided that Respondent would repay the Investor the \$100,000 in principal plus 10% interest; and (3) the Promissory Note constitutes a security within the meaning of Section 36b-3(19) of the Act, which security was not

registered in Connecticut under Section 36b-16 of the Act, nor was it the subject of a filed exemption claim or claim of covered security status;

WHEREAS, the Department has been provided evidence that Respondent has repaid the Investor \$122,431.61 towards the payment of principal and interest due under the Promissory Note, and that Respondent has met his obligations to the Investor under the Promissory Note;

WHEREAS, the Commissioner, as a result of the Investigation, has reason to believe that a basis exists under Section 36b-27 of the Act for the initiation of administrative proceedings seeking the entry of an order to cease and desist and an order imposing fine;

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-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 of Connecticut State Agencies 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 Respondent reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Respondent acknowledges that he has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and enters this Consent freely;

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

WHEREAS, the issuance 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, Respondent, through his execution of this Consent Order, specifically assures the Commissioner that none of the violations alleged in this Consent Order shall occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Respondent, through his 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-27 and Section 4-177(a) of the General Statutes of Connecticut;
2. To present evidence and argument and to otherwise avail himself of Sections 36b-27 and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present his position in a hearing in which he 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, Respondent, through his execution of this Consent Order, acknowledges, without admitting or denying, the following allegations of the Commissioner:

1. Respondent violated Section 36b-16 of the Act by offering and selling a security that was not registered under Section 36b-16 of the Act nor was it the subject of a filed exemption claim or claim of covered security status; and

2. A basis exists under Section 36b-27 of the Act for the entry of an order to cease and desist and an order imposing fine.

IV. CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Respondent, through his execution of this Consent Order consents to the Commissioner's entry of a Consent Order imposing on him the following sanctions:

1. Respondent either directly or through any person, organization, entity or other device, shall cease and desist from engaging in conduct constituting or which would constitute a violation of the Act including, without limitation, the offer and/or sale of securities in violation of Section 36b-16 of the Act; and
2. No later than the date this Consent Order is entered by the Commissioner, Respondent 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 Respondent 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 Respondent based upon evidence of which the Division was unaware on the date hereof relating to a violation of the Act or any regulation, rule or order adopted or issued under the Act;
4. Respondent shall not take any action or make or permit to be made any public statement, including in regulatory filings 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. Respondent 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. However, nothing in this Consent Order affects Respondent's testimonial obligations or right to take any legal or factual position in litigation, arbitration, or other legal proceedings in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 10th day of March 2021.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Frederic H. Salusbury, state that I have read the foregoing Consent Order, that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that I consent to the entry of this Consent Order.

_____/s/_____
Frederic H. Salusbury

Date: 3/4/21