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**IN THE MATTER OF:** \*  
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**SAGE FINANCIAL DESIGN, INC.** \*  
**CRD NO. 127996** \*  
 \*  
**ROBERT SHELDON THOMPSON** \*  
**CRD NO. 446052** \*  
 \*  
**(“Respondents”)** \*  
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**CONSENT ORDER**  
**MATTER NO. CO-22-202125-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**, Sage Financial Design, Inc. (“Sage”), located at 548 Hopmeadow Street, Simsbury, Connecticut, has been registered as an investment adviser under the Act since April 8, 1987. In addition, Sage also offers its clients general assistance related to estate planning, trust services, miscellaneous administrative services and tax planning to clients;

**WHEREAS**, Robert Sheldon Thompson (“Thompson”), the President and Treasurer of Sage, has been registered as an investment adviser agent of Sage since April 8, 1987;

**WHEREAS**, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, conducted an examination of Sage pursuant to Section

36b-14(d) of the Act and Section 36b-31-14f of the Regulations (“Examination”) and a related investigation pursuant to Section 36b-26(a) of the Act (“Investigation”) to determine whether Respondents violated, were violating or were about to violate provisions of the Act or Regulations or any order thereunder;

Trust Account A

**WHEREAS**, in approximately 1990, Sage, with the assistance of independent, trust lawyers (not affiliated with Sage), assisted in the creation of a private charitable remainder trust (“Trust Account A”), in which the trust’s grantors served as the trustees, and therefore all administrative tasks associated with the trust needed to be delegated. A third-party entity, (the “Administrator”), with the occasional assistance of Sage, upon request, would handle all the administrative tasks associated with Trust Account A, including, but not limited to, all tax reporting requirements. Sage was not an investment adviser to Trust Account A;

**WHEREAS**, a portion of Trust Account A’s assets were invested with a mutual fund company (“Mutual Fund Company”). At times, Sage acted as an intermediary between Trust Account A, the Administrator and the Mutual Fund Company to facilitate the transfer of information and documentation between these entities;

**WHEREAS**, as a result of the Examination and Investigation, the Division obtained evidence that in January 2021, a Sage employee contacted the Mutual Fund Company and impersonated the beneficiary of Trust Account A in order to obtain Trust Account A’s end-of-year investment statement from the Mutual Fund Company. In making this call, the Sage employee was trying to assist the client and ultimately the Administrator, which needed Trust Account A’s 2020 year-end investment statement. The Administrator needed this document to complete the year-end accounting for Trust Account A and the beneficiary did not have the statement;

**WHEREAS**, Thompson, individually and on behalf of Sage has represented to the Division that Sage and/or Thompson had no prior knowledge of, or consent to, the employee’s impersonation of the beneficiary of Trust A and would not have permitted or allowed same;

**WHEREAS**, Sage has provided the Division with documentation and information evidencing changes it made to its internal policies upon learning of the unanticipated impersonation above to enhance Sage's compliance practices and procedures relating to communicating with third parties on behalf of clients, and has expressed to the Division its ongoing commitment to undertake continuous internal review of its personnel, its policies and its processes;

**WHEREAS**, Sage failed to establish and implement a supervisory structure sufficient to prevent the Sage employee from calling the Mutual Fund Company and impersonating the beneficiary;

Trust Account B

**WHEREAS**, as a result of the Examination and Investigation, the Division obtained evidence that from approximately November 2012 to approximately December 2021, Thompson served as the trustee for one of its investment advisory clients ("Trust Account B") and maintained custody of Trust Account B's nominal funds and securities;

**WHEREAS**, despite Sage having custody of the funds and securities of Trust Account B, Sage failed to comply with Section 36b-31-5b of the Regulations that required Sage to ensure that the funds and securities over which Sage had custody were verified annually by an independent public accountant without prior notice to Sage;

**WHEREAS**, despite Sage having custody of the funds and securities of Trust Account B, Sage failed to comply with Section 36b-31-14d of the Regulations that required Sage to file with the Commissioner a report of Sage's financial condition and that such report be prepared in accordance with generally accepted auditing standards and reported upon with an opinion expressed by an independent certified public accountant or independent public accountant;

**WHEREAS**, Sage failed to notify the Commissioner that from November 2012 to December 2021, Sage maintained custody over the funds and securities of Trust Account B, as required by Section 36b-5(c)(2) of the Act;

**WHEREAS**, Sage has provided documentation to the Division reflecting that as of December 28, 2021, Trust Account B has been dissolved and its account has been closed with Sage;

**WHEREAS**, the beneficiary of Trust Account B was apprised of the status of Trust Account B at all relevant times and no misappropriation of funds was detected;

RMT

**WHEREAS**, Robert Morgan Thompson (“RMT”), CRD No. 7501771, Thompson’s son, is an employee of Sage and has never been registered in any capacity under the Act;

**WHEREAS**, RMT assisted clients, under the direction of Sage, by providing general administrative services and administrative services associated with financial planning for Sage’s clients;

**WHEREAS**, as a result of the Examination and Investigation, the Division obtained evidence that, in addition to providing the above refenced administrative services, from approximately August 2020 to approximately December 2021, RMT transacted business as an investment adviser agent of Sage without being registered under the Act and that Sage employed RMT as an unregistered investment adviser agent during the same time period;

**WHEREAS**, after the Division staff put Sage on notice that RMT was required to be registered as an investment adviser agent in order to transact advisory business, on February 4, 2022, RMT filed with the Commissioner an application for registration as an investment adviser agent of Sage pursuant to Sections 36b-7 and 36b-32 of the Act;

**WHEREAS**, in order to transact business as an investment adviser agent and become registered as such in Connecticut, RMT would have to first pass the Series 65 Uniform Investment Adviser Law Exam (“Series 65 Exam”) administered by the Financial Industry Regulatory Authority (“FINRA”). RMT has provided documentation to the Division that he is scheduled to take the Series 65 Exam on or before May 2, 2022;

**WHEREAS**, Respondents have represented to the Commissioner that since December 2021, RMT has not conducted any investment advisory business in Connecticut;

**WHEREAS**, Respondents have represented to the Commissioner that RMT will not conduct any investment advisory business in Connecticut unless and until RMT passes the Series 65 Exam and his application for registration as an investment adviser agent under the Act becomes effective;

**WHEREAS**, Respondents have acknowledged to the Commissioner their understanding that if the Commissioner discovers that RMT has transacted investment advisory business before his application for registration as an agent becomes effective, Respondents and RMT shall be subject to additional enforcement actions relating to such conduct;

**WHEREAS**, the Commissioner has reason to believe that the foregoing conduct violates certain provisions of the Act and Regulations, and would support administrative proceedings against Respondents under Sections 36b-15 and 36b-27 of the Act, including conduct which, if proven, would constitute a basis for the revocation of Respondents' investment adviser and investment adviser agent registrations, respectively, under Section 36b-15(a) of the Act;

**WHEREAS**, an administrative proceeding initiated under Sections 36b-15 and 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**, 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**, 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 Respondents have reached an agreement, the terms of which are reflected in this Consent Order;

**WHEREAS**, Respondents expressly consent 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**, Respondents acknowledge that they have had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and execute this Consent Order freely;

**AND WHEREAS**, Respondents and the Commissioner wish to avoid the cost and uncertainty of protracted litigation and agree to the terms of this Consent Order through their execution of this Consent Order, and Respondents specifically assure 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**, Respondents, through their execution of this Consent Order, voluntarily waive 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 themselves 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 their position in a hearing in which each 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**, Respondents, through their execution of this Consent Order, acknowledge the following allegations of the Commissioner but enter into this Consent Order, without admitting or denying the same:

1. Sage engaged in proscribed practices within the meaning of Section 36b-15(a)(2)(H) of the Act and violated Sections 36b-31-6f, 36b-31-5b, 36b-31-14d of the Regulations and Sections 36b-5(c)(2) and 36b-6(c)(3) of the Act; and
2. Thompson engaged in proscribed practices within the meaning of Section 36b-15(a)(2)(H) of the Act;

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

**AND WHEREAS**, Respondents acknowledge 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**, Respondents, through their execution of this Consent Order, consent to the Commissioner's entry of an order imposing on them the following sanctions:

1. Without waiving its assertions above, Sage, its officers, representatives, agents, and employees shall, in the future, 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 practices within the meaning of 36b-15(a)(2)(H) of the Act, and violating Sections 36b-31-6f, 36b-31-5b and 36b-31-14d of the Regulations and Sections 36b-5(c)(2) and 36b-6(c)(3) of the Act and;
2. Without waiving the assertions above, Thompson shall, in the future, 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 practices within the meaning of 36b-15(a)(2)(H) of the Act;
3. Following the entry of this Consent Order, Sage shall retain a regulatory consultant ("Consultant") sufficiently experienced in state and federal investment advisory legal and compliance issues, as well as ethical matters, and not unacceptable to the Division Director to perform on-site compliance reviews of Sage and its investment advisory personnel, including Thompson and RMT. Sage shall identify such Consultant in writing to the Division Director prior to the entry of this Consent Order and confirm to the Division Director that such Consultant has been engaged to perform the on-site compliance reviews. The Consultant's on-

site reviews shall include a comprehensive evaluation of the securities and/or investment advisory activities of Sage, Thompson and RMT and any other investment advisory personnel, to ensure that they are in compliance with the Act and the Regulations thereunder, including, but not limited to, a review of a) any account over which Sage has custody, including but not limited to trust accounts, to ensure that such custodial arrangements are in compliance with the custody requirements of the Act and Regulations, b) a review of whether all reportable items have been disclosed on Sage's Form ADV and all registered employees' Form U4s, and c) all activity of employees to ensure compliance with employee registration requirements under the Act.

The first on-site review shall occur within ninety (90) days following the entry of this Consent Order and a second review shall occur one year later, on or about the anniversary of the first site review. No later than thirty (30) days following each on-site review, Sage shall file with the Division Director a sworn affidavit, signed by Thompson or whoever is delineated in Sage's succession plan as the control person if Thompson is no longer the President of Sage, verifying compliance with the provisions of this paragraph and with this Consent Order and verifying that the Consultant's recommendations were implemented (or are in the process of implementation if any longer-term recommendation(s) is necessary). All written communications, evaluations, and reports made by the Consultant shall be retained by Sage and Thompson and shall be open to inspection by the Division;

4. If RMT is not registered as an investment adviser agent on or before May 6, 2022, unless for reasons beyond RMT's control, Sage shall pay the cost of one or more examinations to be conducted by the Division by December 31, 2022. Such expenses shall be in accordance with state travel regulations, and shall not exceed the reasonable and customary costs of an examination;
5. No later than the date this Consent Order is entered by the Commissioner, Respondents shall remit to the Department, by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of fifty thousand (\$50,000), 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 Respondents and/or their 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 or if any representation made by or on behalf of either Respondent and reflected herein is subsequently discovered to be untrue;
3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Respondents and/or their 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. Respondents 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. However, nothing in this Consent Order affects Respondents' compliance with a lawful request or 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;
5. Respondents 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 Consent Order affects Respondents' (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. The entry of this Consent Order by the Commissioner is not intended to give rise to disqualifications under Rule 505(b)(iii) of Federal Regulation D, Rule 506(d)(1) of Federal Regulation D, 17 C.F.R. Section 230.506(d)(1) or Rule 262(a) of Federal Regulation A, 17 C.F.R. Section 230.262(a); and
7. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,  
this 9<sup>th</sup> day of May 2022.

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

**CONSENT TO ENTRY OF ORDER**

I, Robert Sheldon Thompson, state on behalf of Sage Financial Design, Inc. (“Sage”), 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 Sage; that Sage agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Sage consents to the entry of this Consent Order.

Sage Financial Design, Inc.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Robert Sheldon Thompson  
President

State of: CT

County of: Hartford Simsbury

On this the May day of 6th [sic] 2022, before me, the undersigned officer, personally appeared Robert Sheldon Thompson, who acknowledged himself to be the President of Sage Financial Design, Inc., a corporation, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereunto set my hand.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public  
Date Commission Expires: January 31, 2027

**CONSENT TO ENTRY OF ORDER**

I, Robert Sheldon Thompson, 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/\_\_\_\_\_  
Robert Sheldon Thompson

State of: CT

County of: Hartford Simsbury

On this the May day of 6th [sic] 2022, before me, the undersigned officer, personally appeared, Robert Sheldon Thompson, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public  
Date Commission Expires: January 31, 2027