
*
IN THE MATTER OF: *
*
KARA LEIGH GAGNON *
*
CRD NO. 4574455 *
*

CONSENT ORDER
MATTER NO. CO-22-202123-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, Kara Leigh Gagnon (“Gagnon”) is an individual whose address last known to the Commissioner is 25 Folkstone Road, Apt. D, East Windsor, Connecticut 06106. Gagnon had been registered as a broker-dealer agent under the Act from August 23, 2016 to December 20, 2017 and July 10, 2019 to February 23, 2021. Most recently, Gagnon was registered as a broker-dealer agent of Global Atlantic Distributors, LLC (“Global Atlantic”) (CRD No. 8326), located at One Financial Plaza, 755 Main Street, 24th Floor, Hartford, Connecticut 06103. Global Atlantic has been registered as a broker-dealer under the Act from November 14, 1986 to the present. On February 26, 2021, Global Atlantic filed an Amended Form U5 seeking to terminate Gagnon’s registration in all jurisdictions. As amended, the Form U5 stated that, on December 23, 2020, Global Atlantic had received a mediation request through the Financial Industry Regulatory Authority (“FINRA”) alleging that Gagnon, who was then a registered representative of Global Atlantic and an employee of a Global Atlantic affiliate, was involved in fraud

unrelated to Global Atlantic or its affiliate and that, after conducting an investigation, Global Atlantic concluded that “Ms. Gagnon's lack of discretion and judgement would prevent her from being able to perform her job”;

WHEREAS, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, conducted an investigation of Gagnon under Section 36b-26 of the Act to determine whether Gagnon had violated, was violating or was about to violate any provision of the Act or any regulation or order under the Act (“Investigation”);

WHEREAS, as a result of the Investigation, the Division ascertained that Gagnon violated Section 36b-31-14e of the Regulations by failing to disclose to the Commissioner on her Form U4 (Uniform Application for Securities Industry Registration or Transfer) certain outside business activity as more fully described below;

WHEREAS, as a result of the Investigation, the Division further ascertained that, while she was registered as a broker-dealer agent of Global Atlantic under the Act, Gagnon engaged in dishonest and unethical business practices within the meaning of Section 36b-15(a)(2)(H) of the Act and Section 36b-31-15b(c) of the Regulations by engaging in conduct proscribed by self-regulatory organization rules, to wit, participating in outside business activity absent notice to Global Atlantic, her employing firm. More specifically, Gagnon also used her Global Atlantic employee email account to communicate with a third party about a business venture unrelated to Global Atlantic. At the direction of the third-party, Gagnon acted as a go-between between the third party and several individuals who believed they were investing in a legitimate business venture run by the third party, including facilitating wire transfers. The purported new business venture of the third party turned out to be a scam;

WHEREAS, none of victims in the scam were clients of Global Atlantic;

WHEREAS, Gagnon has represented to the Division that she was unaware that the third party was running a scam;

WHEREAS, effective August 29, 2022, following a June 21, 2022 suspension for failure to produce documents to FINRA, FINRA permanently barred Gagnon from association with any FINRA

member in any capacities. Gagnon had failed, after multiple requests by FINRA, to produce documents and information relating to multiple wire transfers and bank withdrawals in connection with the above activity;

WHEREAS, as a result of the Investigation, the Commissioner has reason to believe that the foregoing conduct would currently support administrative proceedings against Gagnon under Section 36b-27 of the Act and would have supported revocation or suspension proceedings under Section 36b-15 of the Act while Gagnon's Connecticut registration was in effect;

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 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 Gagnon reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Gagnon has provided the Division with a sworn financial affidavit and supporting documentation demonstrating that she is financially unable to pay the fine of \$10,000 that otherwise

would have been imposed against her pursuant to the terms of this Consent Order and that such fine will be stayed for a period of three years (as set forth in Section IV below);

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

WHEREAS, Gagnon 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, Gagnon, through her execution of this Consent Order, specifically assures the Commissioner that the violations alleged in this Consent Order shall not occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Gagnon, through her 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-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 herself of Section 36b-27 of the Act and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present her position in a hearing in which she 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, Gagnon, through her execution of this Consent Order acknowledges the following allegations of the Commissioner: Gagnon violated Section 36b-31-14e(a) of the Regulations and engaged in dishonest and unethical business practices within the meaning of Section 36b-15(a)(2)(H) of the Act and Section 36b-31-15b(c) of the Regulations;

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

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

1. Gagnon shall cease and desist 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, violating Section 36b-31-14e(a) of the Regulations and engaging in dishonest or unethical conduct proscribed by the Act or the Regulations;
2. From the date this Consent Order is entered by the Commissioner, Gagnon shall be **BARRED** from directly or indirectly, through any person, organization, entity or other device, (i) transacting business in or from Connecticut as a broker-dealer, agent, investment adviser or investment adviser agent, as such terms are defined in the Act and notwithstanding any definitional exclusion that might otherwise be available under the Act; and (ii) acting in any other capacity which requires a license or registration from the Commissioner; and
3. Based on the contents of the financial affidavit submitted by Gagnon to the Division, the imposition of any fine that otherwise would have been imposed against Gagnon pursuant to Section 36b-27 of the Act shall be temporarily stayed for three years from the date this Consent Order is entered by the Commissioner, provided that such stay shall no longer be in force and effect, and Gagnon will be obligated to immediately pay a fine of ten thousand dollars (\$10,000) if the Commissioner ascertains at any time that (i) Gagnon is able to pay an administrative fine; or (ii) Gagnon failed to disclose any material asset, materially misstated the value of any asset or made any other material misstatement or omission in the financial affidavit. This paragraph is without prejudice to the right of the Commissioner, in his discretion, to take such further action on the matter in the future following expiration of the temporary stay as may be warranted by the then existing circumstances. Gagnon, through her execution of this Consent Order, knowingly, wilfully and voluntarily waives her right to notice and an administrative hearing in conjunction with the implementation of this paragraph; provided, however, that, prior to invoking any enforcement measures contemplated by this

paragraph, the Commissioner shall provide Gagnon with an informal opportunity to demonstrate her compliance with this Consent Order. After the expiration of three years from the date this Consent Order is entered, if the Division determines that Gagnon is still unable to pay administrative fine, such fine will be waived.

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 Gagnon 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 Gagnon and reflected herein is subsequently determined to be untrue;
3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Gagnon 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. Gagnon 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. Gagnon 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 Gagnon's testimonial obligations or right to take a legal or factual position in litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 9th day of March, 2023.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Kara Leigh Gagnon, 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/_____
Kara Leigh Gagnon

State of: Connecticut

County of: Hartford

On this the 6th day of Mar. 2023, before me, the undersigned officer, personally appeared Kara Leigh Gagnon known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public
Date Commission Expires: Sept. 30, 2026