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**IN THE MATTER OF:** \*  
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**LIDLAW & COMPANY (UK) LTD.** \*  
**CRD NO. 119037** \*  
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**CONSENT ORDER**  
**MATTER NO. CO-22-202018-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**, Laidlaw & Company (UK) Ltd., (“Laidlaw”) has been registered as a broker-dealer under the Act since February 27, 2003. From approximately April 2009 to approximately June 2021 Laidlaw maintained a branch office in Connecticut. Laidlaw does not currently have any branch offices in Connecticut;

**WHEREAS**, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, conducted an examination of Laidlaw 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 Laidlaw violated, was violating or was about to violate provisions of the Act or Regulations or any order thereunder;

**WHEREAS**, as a result of the Examination and Investigation, the Division obtained evidence that from approximately 2017 to approximately 2019, Laidlaw engaged in the following: 1) caused or induced trading in at least one customer's account which was excessive in size or frequency in view of the customer's financial situation and needs as disclosed by the customer; 2) exercised discretionary trading authority for at least one client account without first obtaining written discretionary authority from the client; and 3) offered and/or sold securities from Connecticut to at least one investor, which securities were not registered in Connecticut under Section 36b-16 of the Act, nor were they the subject of a filed exemption claim or claim of covered security status;

**WHEREAS**, as a result of the Examination and Investigation, the Division obtained evidence that from approximately 2017 to approximately 2021, Laidlaw engaged in the following: 1) compensated at least one unregistered sales assistant with a percentage of the commissions earned by Laidlaw broker-dealer agents; 2) transacted business in Connecticut as an unregistered investment adviser in connection with at least one "fee in lieu" account in which clients were charged a fee based on a percentage of their assets under management; and 3) failed to enforce its established procedures for supervising the activities of its agents and Connecticut office operations that were reasonably designed to achieve compliance with applicable securities laws and regulations;

**WHEREAS**, the violations alleged herein would support the initiation of administrative proceedings by the Commissioner pursuant to Sections 36b-15(a), 36b-27(a) and 36b-27(d) 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 Sections 36b-15(a) and 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(2) 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 Laidlaw reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

**WHEREAS**, Laidlaw, without admitting or denying any of the Commissioner’s allegations, 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**, Laidlaw, through its 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**, Laidlaw, 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 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 itself of Sections 36b-15(f) and 36b-27 of the Act and Section 4-177(c) 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 ALLEGATIONS**

**WHEREAS**, Laidlaw, through its execution of this Consent Order, acknowledges, without admitting or denying, the following allegations of the Commissioner: Laidlaw engaged in dishonest or unethical business practices within the meaning of Section 36b-31-15a of the Regulations, and violated Sections 36b-6(c)(1) and 36b-16 of the Act and Section 36b-31-6f of the Regulations;

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

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

1. Laidlaw, 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, engaging in dishonest or unethical business practices within the meaning of Section 36b-31-15a of the Regulations, or violating Sections 36b-16 and 36b-6(c)(1) of the Act and Section 36b-31-6f of the Regulations;
2. Within thirty (30) days from the date this Consent Order is entered by the Commissioner, Laidlaw shall remit to the department by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut" the sum of two hundred thousand dollars (\$200,000) as an administrative fine;
3. (a) For a period of two (2) years after entry of this Consent Order, Laidlaw shall retain an independent consultant ("Consultant") sufficiently experienced in securities regulatory and compliance issues and not unacceptable to the Division Director to 1) conduct a review of Laidlaw's operations across all offices (with a special emphasis on the firm's 521 Fifth Avenue, New York, New York location) as well as Laidlaw's internal supervisory and compliance procedures to ensure compliance with the Act and its regulations; and 2) ensure implementation

of revised procedures in accordance with this Consent Order and with applicable law. The Consultant shall perform the reviews twice a year or more frequently should the Consultant deem additional reviews necessary. In conducting the reviews, the Consultant shall be based at the firm's 521 Fifth Avenue, New York, New York location and, from that location, will be given access to information and documents relating to all of Laidlaw's branches and operations.

(b) Laidlaw shall identify such Consultant in writing to the Division Director within thirty (30) days of the entry of this Consent Order and confirm to the Division Director that such Consultant has been engaged to perform the compliance reviews described herein.

(c) The Consultant's reviews shall include both on-site and remote components and shall include a comprehensive evaluation of Laidlaw's operations and the activities of Laidlaw's broker-dealer agents to ensure adherence to the requirements of the Act and the Regulations thereunder, including, without limitation, a review of:

- (i) Laidlaw's Monthly Active Account Reports and the usage of such reports, in particular to confirm whether Laidlaw is following its written supervisory procedures regarding active accounts and excessive trading;
- (ii) the activities of nonregistered employees to ensure that nonregistered employees are neither acting as Laidlaw agents nor receiving a percentage of commissions generated by Laidlaw agents;
- (iii) compliance with all blue-sky filings relating to private placements; and
- (iv) Laidlaw's records to ensure that there is no investment advisory business being conducted by the firm or its agents and/or no advisory fees are being collected;

(d) The first review shall occur within ninety (90) days following the entry of this Consent Order. No later than thirty (30) days following each review, Laidlaw shall file with the Division Director a sworn affidavit, signed by the Chief Executive Officer of Laidlaw, verifying compliance with the provisions of this paragraph and with this Consent Order and verifying that the Consultant's recommendations were implemented. All written communications, evaluations, and reports made by the Consultant shall be retained by Laidlaw and shall be open to inspection by the Division;

4. For two (2) years following the Commissioner's entry of this Consent Order, Laidlaw and/or any Laidlaw agents shall refrain from:
- a) Exercising discretionary trading authority in any Connecticut client account;
  - b) Utilizing margin in any Connecticut client account opened subsequent to the entry of this Consent Order;
  - c) Maintaining any Connecticut branch offices;
  - d) Selling any private placement securities offerings to any Connecticut client unless the client is an accredited investor as defined in Rule 501(a) under the Securities Act of 1933 (17 CFR 230.501(a));
  - e) In any Connecticut client account, engaging in broker-dealer and broker-dealer agent activity which does not involve the offer and sale of securities listed on the New York Stock Exchange, the NYSE MKT, the NASDAQ Global Select Market or the NASDAQ Global, securities issued by investment companies regulated under the

Investment Company Act of 1940, commercial paper, certificates of deposit, corporate debt securities, municipal securities, United States government securities, private placements permissible pursuant to paragraph (d) above; and insurance products subject to regulation by the Connecticut Insurance Commissioner;

5. Laidlaw shall pay the cost of one or more examinations to be conducted by the Division within eighteen (18) months following the entry of this Consent Order by the Commissioner. Such costs shall be based on the expenses associated with an examination, including examiner costs and reasonable travel expenses, and shall not exceed ten thousand dollars (\$10,000).

## 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 Laidlaw 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 Laidlaw 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. Laidlaw 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. Laidlaw 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 Laidlaw'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;
6. The entry of this Consent Order by the Commissioner is not intended to give rise to disqualifications under 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 23<sup>rd</sup> day of January 2023.

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

**CONSENT TO ENTRY OF ORDER**

I, Matthew D. Eitner, state on behalf of Laidlaw & Company (UK) Ltd., (“Laidlaw”) 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 Laidlaw; that Laidlaw agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Laidlaw consents to the entry of this Consent Order.

Laidlaw & Company (UK) Ltd.

By: \_\_\_\_\_/s/\_\_\_\_\_  
Matthew D. Eitner  
Chief Executive Officer

State of:       New York

County of:     New York

On this the 3 day of January 2023, before me, the undersigned officer, personally appeared Matthew D. Eitner, who acknowledged himself to be the Chief Executive Officer of Laidlaw & Company (UK) Ltd., a private limited company, and that he, as such Chief Executive Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the private limited company by himself as Chief Executive Officer.

In witness whereof I hereunto set my hand.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public / Commissioner of the Superior Court  
Date Commission Expires: January 14, 2023