
*
IN THE MATTER OF: *
*
JASON A. GOODHUE *
CRD NO. 5121680 *
*

ORDER TO CEASE AND DESIST
NOTICE OF INTENT TO FINE
AND
NOTICE OF RIGHT TO HEARING
MATTER NO. CF-24-8398-S

I. PRELIMINARY STATEMENT

1. 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.

2. Pursuant to Section 36b-26(a) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”), has conducted an investigation into the activities of Jason A Goodhue (“Goodhue”) to determine if Goodhue has violated, is violating or is about to violate provisions of the Act or Regulations (“Investigation”).

3. As a result of the information obtained during the Investigation, the Commissioner has reason to believe that Goodhue has violated certain provisions of the Act. Accordingly, the Commissioner has reason to believe that a basis exists to: (a) issue a cease and desist order against Goodhue pursuant to Section 36b-27(a) of the Act; and (b) impose a fine upon Goodhue pursuant to Section 36b-27(d) of the Act.

II. RESPONDENT

4. Goodhue is an individual whose address last known to the Commissioner is 129 Stonepost Road, Glastonbury, Connecticut 06033. Goodhue has been registered as a broker-dealer agent under the Act since 2007. Goodhue was registered as a broker-dealer agent of Buell Securities Inc. (CRD No. 1342) (“Buell”) from January 5, 2007, to November 11, 2019. Most recently, Goodhue has been registered as a broker-dealer agent of Capitol Securities Management, Inc. (CRD No. 14169) from October 11, 2019, to the present.

III. STATEMENT OF FACTS

5. On January 30, 2019, while employed at Buell, Goodhue received an e-mail from one of his customer’s e-mail accounts asking him to send portfolio value reports as of that day. The e-mail was purportedly sent by one of Goodhue’s customers at Buell (“Customer A”). The e-mail stated that: “We need to sell about \$72,890 to help pay for ongoing house renovations.” The e-mail also asked: “Can you advise which funds or stocks to sell?”

6. From approximately January 30, 2019, through February 7, 2019, Goodhue’s purported communications with Customer A were exclusively via e-mail.

7. The bottom of all of the e-mails sent by Goodhue to Customer A’s e-mail account included the following language as part of the disclosure: “Please be advised that you may conduct securities transactions only by speaking directly with your Registered Representative.”

8. The e-mail communications from Customer A’s e-mail account included repeated sales requests to cover the approximately seventy-three thousand dollars (\$73,000) house renovation project.

9. Goodhue received an e-mail from Customer A’s e-mail account on January 30, 2019, that he might be available to meet on February 18, 2019, however, no such meeting was ever held. Instead, the

purported customer exerted more pressure on Goodhue, through e-mails, to release funds to him.

10. Significantly, Goodhue reviewed Customer A's holdings in Customer A's account and decided which common stock was to be sold without speaking to the customer or receiving written instructions regarding which stock to sell. Goodhue never discussed or received any verbal or written instructions regarding any specific security to sell to raise the requested funds. At no time did Goodhue meet with Customer A concerning the communications or the transaction nor was he able to speak with Customer A via phone.

11. Goodhue instructed Buell's operations manager ("Operations Manager") to sell shares of Customer A's largest holding to raise approximately seventy-three thousand dollars (\$73,000). This transaction was recorded as a solicited transaction.

12. Goodhue confirmed to the Operations Manager by text that Customer A needed \$73,000 and asked the Operations Manager: "Do you mind telling him it will hit tomorrow at midnight? He wasn't clear on what to sell and was in Canada Sorry about this I told him it took longer because Steven is on the account and we needed approval. Kind of true Can you tell him the same?"

13. The sales of the shares from Customer A's account were executed on February 5, 2019.

14. On February 7, 2019, Goodhue and the Operations Manager received another e-mail from Customer A's e-mail account that stated: "Kindly confirm if payment have been sent Revert ASAP."

15. The Operations Manager responded to this e-mail that "It went out it should be in your bank."

16. The Operations Manager received another e-mail from Customer A's e-mail account that stated: "Kindly send me a confirmation for this payment. I need it for our record."

17. On February 7, 2019, the Operations Manager sent a reply e-mail that the ACH request submitted from Customer A's account to the bank has been completed, with a summary of the request.

18. The e-mail communications received by Goodhue and the Operations Manager from

January 30, 2019, through February 7, 2019, that appeared to be from Customer A, turned out to be fraudulent e-mails sent from Customer A's e-mail account. These e-mails were not sent by Customer A, but by someone else using Customer A's e-mail account. Customer A never contacted Goodhue about raising seventy-three thousand dollars (\$73,000). Customer A never authorized the sale of the stock that was sold on February 5, 2019.

19. Goodhue never received verbal or written instructions from Customer A or from Customer A's e-mail account regarding which funds or stocks to sell. Goodhue did not obtain written discretionary authority from Customer A to effect a transaction in Customer A's account.

20. On Saturday February 9, 2019, Customer A discovered the transaction after receiving a trade confirmation. Customer A wasn't aware of the sale of the stock nor was he aware of the seventy-three thousand dollars (\$73,000) transfer from his account. Customer A called Goodhue to inquire why he sold the stock. Goodhue was advised that the e-mails were not being sent by Customer A but were sent by an unknown party from the Customer A's e-mail account.

21. Goodhue called the Operations Manager and informed the Operations Manager that the ACH was not authorized by Customer A and that somebody got into Customer A's e-mail. The fraudulent activity was reported, and a freeze was requested to be put on the account where the funds were transferred.

22. Some of the transferred funds were recovered and Buell replaced the transferred funds that were not able to be recovered. The shares from Customer A's account that were sold were repurchased for Customer A's account and Customer A did not suffer any losses. Goodhue was charged the difference between the sale price of the shares that were sold and the higher cost of replacing the shares.

23. On June 3, 2022, acting pursuant to Section 4-182(c) of the General Statutes of Connecticut, the Division provided Goodhue with an opportunity to show compliance with the provisions of the Act and to demonstrate why Goodhue's registration as a broker-dealer agent should not be suspended or revoked. Goodhue provided the Department with a response to the written notice. However, the response failed to show compliance.

IV. STATUTORY AND REGULATORY BASIS FOR ORDER TO CEASE AND DESIST AND ORDER IMPOSING FINE

a. Violation of Section 36b-4(b) of the Act –
Engaging in Dishonest or Unethical Practices in Connection with
the Offer, Sale or Purchase of any Security

24. Paragraphs 1 through 23 inclusive, are incorporated and made a part hereof as if more fully set forth herein.

25. The conduct of Goodhue, as more fully described in paragraphs 5 through 23, inclusive, constitutes, in connection with the offer, sale or purchase of any security, directly or indirectly engaging in dishonest or unethical practices. Such conduct constitutes a violation of Section 36b-4(b) of the Act, which forms a basis for an order to cease and desist to be issued against Goodhue under Section 36b-27(a) of the Act, and for the imposition of a fine upon Goodhue under Section 36b-27(d) of the Act.

b. Dishonest or Unethical Business Practices
Within the Meaning of Section 36b-31-15b(a)(8) of the Regulations –
Exercising Discretionary Power in Effecting Transactions for a Customer’s Account
Without Obtaining Written Discretionary Authority

26. Paragraphs 1 through 25 inclusive, are incorporated and made a part hereof as if more fully set forth herein.

27. Goodhue engaged in dishonest or unethical practices in the securities business while he was a broker-dealer agent of Buell by exercising discretionary power in effecting one transaction for a customer’s account without first obtaining written discretionary authority from the customer, as more fully described in paragraphs 5 through 23, inclusive. Such conduct would be proscribed as a dishonest or unethical practice under Section 36b-31-15b(a)(8) of the Regulations and, as such, would support the entry of an order to cease and desist against Goodhue under Section 36b-27(a) of the Act.

V. ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO FINE AND NOTICE OF RIGHT TO HEARING

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Goodhue has committed at least one violation of Section 36b-4(b) of the Act;

and engaged in dishonest or unethical business practices within the meaning of Section 36b-31-15b(a)(8) of the Regulations;

WHEREAS, the Commissioner further finds that the issuance of an Order to Cease and Desist against Goodhue, and the imposition of a fine upon Goodhue is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act;

WHEREAS, notice is hereby given to Goodhue that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation upon Goodhue;

WHEREAS, the Commissioner **ORDERS** that **JASON A. GOODHUE CEASE AND DESIST** from directly or indirectly violating the provisions of the Act and Regulations, including without limitation, in connection with the offer, sale or purchase of any security, engaging in dishonest or unethical practices by exercising discretionary power in effecting transactions for a customer's account without first obtaining written discretionary authority from the customer;

THE COMMISSIONER FURTHER ORDERS THAT, pursuant to Section 36b-27 of the Act, Goodhue will be afforded an opportunity for a hearing on the allegations set forth above if a written request for a hearing is received by the Department of Banking, Securities and Business Investments Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following Goodhue's receipt of this Order. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above-referenced addresses. If Goodhue will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se".

If a hearing is requested, it will be held in person at the Department's offices. Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the General Statutes of Connecticut and Section 36a-1-21 of the Regulations of Connecticut State Agencies. At the discretion of the Hearing

Officer, for good cause shown, the Hearing Officer may approve requests for remote participation in the hearing by a Respondent, witness, or attorney. If such requests are approved by the Hearing Officer, such remote participation will be conducted via videoconference. If a hearing is requested, the hearing will be held on January 28, 2025, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the General Statutes of Connecticut, unless Goodhue fails to appear at the requested hearing. At such hearing, Goodhue will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner. Remote participation in a hearing will be held in accordance with Section 1-225a of the General Statutes of Connecticut, and the Remote Hearing Guidelines available on the Department's website at <https://portal.ct.gov/dob>.

If Goodhue does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against Goodhue will be deemed admitted. Accordingly, the Order to Cease and Desist shall remain in effect and become permanent against Goodhue and the Commissioner may order that the maximum fine be imposed upon Goodhue.

Dated at Hartford, Connecticut,
this 18th day of December 2024.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 18th day of December 2024, I caused to be mailed by certified mail, return receipt requested, the foregoing Order to Cease and Desist, Notice of Intent to Fine and Notice of Right to Hearing to: Jason A. Goodhue 129 Stonepost Road, Glastonbury, Connecticut 06033, certified mail no. 7022 2410 0000 9598 0674; and Michal T. McCormack, Esq., O’Sullivan McCormack Jensen & Bliss PC, Attorneys at Law, 180 Glastonbury Boulevard, Suite 201, Glastonbury, Connecticut 06033, certified mail no. 7022 2410 0000 9595 0667.

_____/s/_____
Jackie D. Wilkey
Administrative Assistant