
*
IN THE MATTER OF: *
*
SPRUCE INVESTMENT ADVISORS, LLC* *
IARD NO. 122149 *
*

CONSENT ORDER
MATTER NO. CO-24-202243-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, Spruce Investment Advisors LLC (“Spruce”) is a Delaware limited liability company formed on September 13, 2001, having its current principal place of business at 700 Canal Street, Stamford, Connecticut 06902;

WHEREAS, on March 26, 2003, Spruce became registered as an investment adviser with the Securities and Exchange Commission (“SEC”) and filed the notice required by required by Section 36b-6(e) of the Act;

WHEREAS, Spruce was notice filed with the Commissioner pursuant to Section 36b-6(e) of the Act from March 26, 2003, until December 31, 2021, when Spruce did not renew its notice filing in Connecticut;

WHEREAS, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”), conducted an investigation of Spruce

pursuant to Section 36b-26(a) of the Act (“Investigation”) to determine if Spruce had violated, was violating or was about to violate provisions of the Act or Regulations or any order thereunder;

WHEREAS, as a result of the Investigation, the Commissioner has reason to believe that Spruce violated Section 36b-6(c)(1) of the Act from January 1, 2022, until May 20, 2022, by continuing to transact business as an investment adviser in Connecticut at a time when, as an SEC-registered investment adviser, no Connecticut notice filing was in effect for the firm;

WHEREAS, as a result of the Investigation, the Commissioner has reason to believe that the foregoing conduct violates Section 36b-6(c)(1) of the Act and would support administrative proceedings against Spruce under Section 36b-27 of the Act;

WHEREAS, after the Division brought the alleged violation to Spruce’s attention, Spruce filed a notice of exemption from investment adviser registration on May 20, 2022;

WHEREAS, Section 36b-31(a) of the Act provides, in pertinent 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 pertinent 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 Spruce reached an agreement,

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

WHEREAS, Spruce expressly consents 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, Spruce acknowledges that it 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;

AND WHEREAS, Spruce, through its execution of this Consent Order, specifically represents and agrees that none of the violations alleged in this Consent Order shall occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Spruce, 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 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 itself of Section 36b-27 of the Act, and Section 4-177c(a) 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, Spruce, through its execution of this Consent Order, acknowledges, without admitting or denying, the following allegations of the Commissioner:

1. Spruce violated Section 36b-6(c)(1) of the Act by transacting business as an unregistered investment adviser; and
2. Spruce violated Section 36b-6(e) of the Act by failing to make the required investment advisory notice filing and pay the fees required by such section.

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

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

1. Spruce, its members, officers, representatives, agents, employees, affiliates, assigns and successors in interest 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, violations of Sections 36b-6(c)(1) and 36b-6(e) of the Act; and
2. No later than the date this Consent Order is entered by the Commissioner, Spruce 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) as 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 Spruce 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 Spruce of Spruce in connection with its Connecticut investment adviser registration application or in conjunction with the Investigation 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 Spruce based upon: (i) 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; or (ii) evidence indicating that Spruce withheld material information from, or made any material misstatement or omission to, the Commissioner in connection with this matter;

4. Spruce 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, that the Commissioner had a basis to pursue the allegations set forth in Section III of this Consent Order, or create the impression that this Consent Order is without factual basis;
5. Spruce 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 Spruce's (i) testimonial obligations; or (ii) 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 8th day of April 2025.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, John Christopher Bailey, state on behalf of Spruce Investment Advisors, LLC (“Spruce”), 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 Spruce; that Spruce agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Spruce consents to the entry of this Consent Order.

Spruce Investment Advisors, LLC

By: _____/s/_____
John Christopher Bailey
CEO/Managing Member

State of: Connecticut

County of: Fairfield

On this the 07 day of March 2025, before me, the undersigned officer, personally appeared John Christopher Bailey, who acknowledged himself to be the CEO/Managing Member of Spruce Investment Advisors, LLC, a limited liability company, and that he, as such CEO/Managing Member, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as CEO/Managing Member.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public / Commissioner of the Superior Court
Date Commission Expires: 7/31/2028