IN THE MATTER OF:	*	
JASON A. GOODHUE	*	
CRD NO. 5121680	*	**FINDINGS OF FACT, CONCLUSIONS OF LAW**
MATTER NO.: CF-24-8398-S	*	**AND ORDER**

I. INTRODUCTION

This final decision concludes the above-captioned contested case in which the Connecticut Department of Banking ("Department") alleged that Jason A. Goodhue ("Respondent") violated Connecticut law by engaging in dishonest or unethical practices in connection with the offer, sale or purchase of a security in violation of Section 36b-4(b) of the Connecticut General Statutes ("Statutes") and by exercising discretionary power in effecting transactions for a customer's account without obtaining written discretionary authority in violation of Section 36b-31-15b(a)(8) of the Regulations of Connecticut State Agencies ("Regulations"). Based on the evidence in the record and the plain and unambiguous meaning of the relevant statutory and regulatory provisions, Respondent violated 36b-4(b) of the Statutes and Section 36b-31-15b(a)(8) of the Regulations by engaging in a dishonest or unethical practice in connection with the offer, sale or purchase of a security by virtue of Respondent's exercising discretionary power in effecting transactions for a customer's account without obtaining written discretionary authority prior to effecting the transaction.

II. PROCEDURAL HISTORY

The Banking Commissioner ("Commissioner") is charged with the administration of Chapter 672a of the Statutes, the Connecticut Uniform Securities Act ("Act"), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations under the Act. This matter was initiated after an investigation was conducted by the Securities and Business Investments Division ("Division") of the Department. On December 18, 2024, the Commissioner issued an Order to Cease and Desist, Notice of Intent to Fine and Notice of Right to Hearing ("Notice") against Respondent. The Notice is incorporated by reference and attached herein as HO Exhibit 1.

The Notice alleged the following:

1. Respondent violated Section 36b-4(b) by engaging in dishonest or unethical practices in connection with the offer, sale or purchase of a security.
2. Respondent violated Section 36b-31-15b(a)(8) by exercising discretionary power in effecting transactions for a customer's account without obtaining written discretionary authority.
3. A basis exists to issue an order against Respondent to cease and desist from violating Sections 36b-4(b) and 36b-31-15b(a)(8), pursuant to Section 36b-27(a) of the Act.
4. A basis exists to impose a fine against Respondent pursuant to Section 36b-27(d) of the Act.

On December 18, 2024, the Department sent the Notice by certified mail, return receipt requested to Respondent, Attention: Jason A. Goodhue 129 Stonepost Road, Glastonbury, Connecticut 06033 and Respondent's counsel, Attention: Michael T. McCormack, Esq., O'Sullivan McCormack Jensen & Bliss PC, Attorneys at Law, 180 Glastonbury Boulevard, Suite 201, Glastonbury, Connecticut 06033.

On January 3, 2025, Attorney Michael T. McCormack timely filed an Appearance and Request for Hearing on behalf of Respondent. On January 10, 2025, the Commissioner issued a Notification of Hearing and Designation of Hearing Officer, electronically sent to Jeffrey T. Schuyler, Esq., Hearing

Officer, and Paul A. Bobroff, prosecuting staff attorney for the Department. It was also electronically sent and mailed via first class mail to Attorney Michael T. McCormack, counsel for the Respondent.

In accordance with Chapter 54 of the Statutes, the Uniform Administrative Procedures Act ("UAPA"), and the Department's Hearing Guidelines, an administrative hearing was conducted at the Department on October 1, 2025, and October 2, 2025. Certified Court Reporter, Lisa Warner, participated and subsequently furnished a certified hearing transcript to the parties.

The Department submitted documentary and testimonial evidence during the hearing. Heidi Lawrence, Associate Financial Examiner ("Lawrence"), and Salvatore Cannata, Banking Department Manager ("Cannata"), appeared as witnesses for the Department. The Department offered 19 proposed exhibits ("DOB Exhibits"), which were subsequently admitted as full exhibits to the record. Pursuant to the Notice the Department requested that the Commissioner issue a Cease-and-Desist Order and impose a fine not to exceed the amount of one hundred thousand dollars ($100,000) per violation upon Respondent.

The Respondent appeared as a witness and provided testimony and offered 21 proposed exhibits, subsequently admitted as full exhibits. ("Respondent Exhibits"). Respondent seeks to have the matter dismissed with no Cease-and-Desist Order or the imposition of a fine. On October 2, 2025, the hearing concluded. As provided by the Regulations, Section 36a-1-49, the parties each submitted post-hearing briefs on November 12, 2025, and reply briefs on November 24, 2025.

III. FINDINGS OF FACT

1. Respondent is an individual whose address last known to the Commissioner is 129 Stonepost Road, Glastonbury, Connecticut 06033. Respondent has been registered as a broker-dealer agent under the Act since 2007. Respondent 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, Respondent has been registered as a broker-dealer agent of Capitol Securities Management, Inc. ("Capitol") (CRD No. 14169) from October 11, 2019, to the present. (DOB post-hearing brief at 2; DOB Exhibits 1, 4, 7, 9, and 19; Transcript at 37-38, and 247-248).

2. The President of Buell explained in an email to Respondent that Buell does not offer discretionary trading on clients' accounts by stating: ". . . simply tell them that your firm doesn't permit DT accounts." (DOB Exhibit 10; Transcript at 91-93).

3. On or about September 29, 2017, Respondent and his employer, Buell, entered into a Client Agreement with three (3) individuals named [redacted] (aka Gus), for a standard joint account establishing the legal relationship between Respondent, Buell and the individual client ("Client").[1] (DOB Exhibit 2; Transcript at 42-43, 55, and 250).

4. On January 30, 2019, at 2:58 p.m., while employed at Buell, Respondent received an e-mail from Client's e-mail address stating: "Could you please send me portfolio valuation as of today. We need to sell about $72,890 to help pay for ongoing house renovations. Can you advise which funds or stocks to sell? Thanks, Gus"[2]. (DOB Exhibit 3; Respondent Exhibit 1; Transcript at 45-46).

5. On January 30, 2019, at 3:02 p.m., Respondent responded: "Hi Gus, Portfolio is worth $425,000 this very moment. Can we talk about it tomorrow via phone or I'll stop by? I need to run out in a few minutes. Thanks, Jason". (DOB Exhibit 3; Respondent Exhibit 2; Transcript at 46).

6. It is noted that, at the bottom of all the e-mails sent by Respondent to Client's e-mail address included the following language as part of the disclosure: "Please be advised that you may conduct securities transactions only be speaking directly with your Registered Representative." (DOB Exhibits 3-5; DOB Exhibits 7-8; Transcript at 47, and 269).

7. On January 30, 2019, at 3:32 p.m., Client's email address responded, stating: "Jason, I will be catching a flight to Canada tonight, opening a new office there. Can you schedule a meeting sometimes next month, Also send me all paper works needed to be sign. I will try to find time and go through it and them back to you. Thanks, Gus." (DOB Exhibit 3; Respondent Exhibit 3; Transcript at 48).

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[1] The only party to the Agreement involved in this matter is the individual client named Gus.
[2] All emails are stated verbatim in quotations, including all grammatical and spelling errors.

8. On January 31, 2019, at 12:19 p.m., Client's email address sent to Respondent: "Hi Jason, Revert to confirm when funds will be available and date of our meeting. Guss." (DOB Exhibit 4; Respondent Exhibit 4; Transcript at 49-50).
9. On January 31, 2019, at 12:47 p.m., Respondent responded to Client's email address, stating: "Hi Gus, I can come see you as soon as you get back from Canada. Just let me know. Funds can be ready 2 days after we sell. We just need to discuss what we're going to sell. Thanks, Jason." (DOB Exhibit 4; Respondent Exhibit 5; Transcript at 50-51).
10. On January 31, 2019, at 12:57 p.m., Client's email responded to Respondent, stating: "Make funds ready as this fund is needed asap. and have it transfer to my Wells Fargo account. I will b back on the 15th on Feb. I will try to see you following on the 18th Feb Guss." (DOB Exhibit 4; Respondent Exhibit 6; Transcript at 51).
11. On January 31, 2019, at 1:06 p.m., Respondent responded to Client's email address and copied Vicki Kupec, Buell's operations manager ("Manager"), stating: "Gus, Vicki is going to send you the form to fill out for the bank transfer from [redacted] account. I'll make the requested sales and we will get her the requested $73,000 once you send the ACH form back to us. Thanks, Jason." (DOB Exhibit 4; Respondent Exhibit 7; Transcript at 52).
12. On January 31, 2019, at 1:13 p.m., Manager sent an email to both Respondent and Client's email address, stating: "I have attached the ACH profile setup form. Please fill in the top portion and both of you sign at the bottom. Thanks. If you have any questions feel free to contact me." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 54).
13. The same disclosure language included in Respondent's emails are also displayed in Manager's emails from her email address, again, stating: "Please be advised that you may conduct securities transactions only be speaking directly with your Registered Representative." (DOB Exhibits 5, and 7-8; inclusive).

14. On February 4, 2019, at 8:37 a.m., Client's email address responded to Manager, stating: "Attached is the signed form. Advise when funds is sent. Thanks, Gus." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 55).

15. On February 4, 2019, at 8:57 a.m., Manager responded to Client's email address, stating: "There are three names on the account [redacted]. I need all of their signatures on the form. If the money is going to the Bank Account of Gus [redacted] will need to sign under Financial Institution Account Holder." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 55).

16. On February 4, 2019, at 10:21 a.m., Client's email address responded to Manager, stating: "Oh sorry the account is on [redacted] name. Also there is only 2 space for signature, can you tell me where [redacted] need to sign? Thanks,." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 56).

17. On February 4, 2019, at 10:32 a.m., Manager responded to Client's email address, stating: "[redacted] can sign under [redacted] signature." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 56).

18. On February 4, 2019, an ACH Profile Setup Request was completed and submitted to the Operations Manager, bearing signatures of all account holders, including Client. (Respondent Exhibit 18).

19. On February 5, 2019, at 10:23 a.m., Client's email address responded to Manager, stating: "Vick, Confirm if funds have been sent. Thanks,." (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 57).

20. On February 5, 2019, at 10:25 a.m., Manager replied to Client's email address, stating: "There is cash available of $7,107.90 how much do you want?" (DOB Exhibit 5; Respondent Exhibit 8; Transcript at 57).

21. On February 5, 2019, at 10:48 a.m., Client's email address emailed Respondent and Manager, stating: "WHAT!! You need to read below the email i sent to Jason last week I believe this funds should have been available by today. I need update on this asap." (DOB Exhibit 5; Respondent Exhibit 8).

22. On February 5, 2019, starting at 10:55 a.m., Respondent and Manager engaged in a text message exchange, as follows:

Manager: [Client] is mad he thought the money would be available today just a heads up. I would call him at # home or # mobile
Respondent: Can you send me a screen shot? We can next day sell.
Respondent: Shit
Respondent: Do we have time to same day sell?
Manager: No it's too late
Respondent: Ok. Next day puts it there tomorrow, correct?
Manager: It will be at his bank Thursday morning first thing
Respondent: Let's do ubnk please
Manager: How many shares and commission
Respondent: 40 percent. Can you do the math to get the right amount please?
Manager: In the email it says $73,000 is that what they need
Respondent: Yes
Respondent: Do you mind telling him it will hit tomorrow at midnight?
Respondent: He wasn't clear on what to sell and was in Canada
Respondent: Sorry about this
Respondent: I told him it took longer because [redacted] is on the account and we needed approval. Kind of true
Respondent: Can you tell him the same?
Manager: Ok the order is in the trading guy said it may take a bit because it's thinly traded
Manager: We got so far 1,210 of 4810 shares. We have until 12:45 for next day if we need to sell something else
Respondent: Ok. I'll call you in a bit
Respondent: Has to get done today
Manager: So far got 2350 not done yet
Respondent: Ok. Let's see the next 15 minutes
Respondent: Did you talk to him? He isn't responding to my texts?
Manager: Not yet I want to make sure the trade gets done
Respondent: Ok
Respondent: I'm a little nervous now
Respondent: Still 2350?
Manager: We have 1800 left
Respondent: Ok
Respondent: It might push the price down though. We might need more
Manager: We got it done total is $72,380.32 after commission but he has $7000 in cash in the acct
Respondent: So we have enough?
Manager: Yes
Respondent: Awesome
Respondent: Thank you very much
Respondent: I called him. Don't worry about that
Manager: Is he ok
Respondent: Didn't answer. But it will be midnight, correct?
Manager: The funds will show in his acct first thing Thursday morning
Respondent: Ok. Thanks again

(DOB Exhibit 6; Transcript at 62-70).

23. On February 5, 2019, at 11:14 a.m., Client's email address emailed Respondent, stating: "Hi Jason, Please confirm when the request below will be completed as i have sent all necessary document to Vicki Thanks,." (DOB Exhibit 7; Respondent Exhibit 9).
24. On February 5, 2019, at 11:35 a.m., Respondent initiated a telephone call to Client's cellphone number, which lasted for two (2) minutes. (Respondent Exhibit 19).
25. On February 5, 2019, at 11:41 a.m., Respondent emailed Client's email address from Respondent's iPhone, stating: "I just left you a voicemail Gus." (DOB Exhibit 7; Respondent Exhibit 10; Transcript at 75).
26. On February 5, 2019, at 12:51 p.m., Client's email address replied to Respondent, stating: "Okay, When will the funds hit the account. Gus." (DOB Exhibit 7; Respondent Exhibit 11; Transcript at 75).
27. On February 5, 2019, at 1:34 p.m., Respondent emailed Client's email address from Respondent's iPhone, stating: "After midnight tomorrow. So when you wake Thursday they are there." (DOB Exhibit 7; Respondent Exhibit 12; Transcript at 76-77).
28. On February 5, 2019, Respondent executed a trade transaction, which has a settlement date of February 6, 2019, in which 4,810.00 shares of United Financial Bancorp Incorporated ("UBNK") was sold for $15.1664 per share for a trade amount of $72,950.38 with a net sale in the amount of $72,380.32 after commission, fee and handling fee were deducted. (DOB Exhibit 9; Transcript at 70-71, 81-85).
29. Client held other stocks in his account managed by Respondent and Respondent chose to sell shares of UBNK because it was Client's largest holding. (Transcript at 222).
30. On February 7, 2019, at 8:31 a.m., Client's email address replied to Respondent and Manager, stating: "Good Morning, Kindly confirm if payment have been sent. Revert ASAP Thanks," (DOB Exhibit 8; Respondent Exhibit 13; Transcript at 80).
31. On February 7, 2019, at 8:32 a.m., Manager replied to Respondent and Client's email address, stating: "It went out it should be in your bank." (DOB Exhibit 8; Respondent Exhibit 13; Transcript at 80).

32. On February 9, 2019, at 4:26 p.m., phone records show that Client called Respondent and engaged in an eleven (11) minute phone conversation. (Respondent Exhibit 19; Transcript at 251-256).
33. Respondent testified that it was during this telephone conversation when Client first alerted him that he did not initiate the email correspondence and did not authorize the trade transaction. (Transcript at 251-256).
34. On February 9, 2019, at 4:49 p.m. and 4:57 p.m., Respondent contacted Raymond James Financial ("Clearing House") in remediation efforts and to reverse the transaction. (Respondent Exhibit 19; Transcript at 257).
35. On February 9, 2019, at 4:59 p.m., 5:40 p.m. and 5:51 p.m., Respondent and Client engaged in telephone correspondence. Respondent testified that these calls were all directly related to remediating the issue. (Respondent Exhibit 19; Transcript at 257-260).
36. On February 10, 2019, at 2:20 p.m., Respondent and Client engaged in further conversation. (Respondent Exhibit 19; Transcript at 257-261).
37. At various times between February 11, 2019 and February 12, 2019, Respondent engaged in six (6) telephone communications with the Clearing House in continued remediation efforts on behalf of Client. (Respondent Exhibit 20; Transcript at 263-267).
38. At various times between February 11, 2019 and February 15, 2019, Respondent engaged in eleven (11) telephone communications with Client in remediation efforts. (Respondent Exhibit 20; Transcript at 263-267).
39. At various times between February 9, 2019 and February 15, 2019, Respondent, Buell and Operations Manager engaged in numerous telephone communications to remediate the situation. (Respondent Exhibits 19; Transcript at 256-259).
40. On or about February 12, 2019, Respondent, in cooperation with the Clearing House, Manager and Buell, reversed the trade executed on February 5, 2019, by repurchasing UBNK shares, making Client's account whole. (Transcript at 202, and 284).

41. On February 12, 2019, at 10:31 a.m., Respondent sent Manager a text message, as follows: "I'll go back to detailing everything with you for requests to prevent this from ever happening again. I'm sorry about it all. I really thought everything was done correctly. I believe once it's finished things will make sense." (DOB Exhibit 6).

42. On October 11, 2019, Respondent ceased employment at Buell and was thereafter employed by and registered as a broker-dealer agent of Capitol. (Transcript at 37-38 and 248-249).

43. On February 5, 2020, counsel representing Respondent sent the Division a letter in response to a letter dated January 22, 2020 from the Division, stating: "[Respondent] never engaged in, nor has it been alleged by anyone that he engaged in, fraud, wrongful taking of property or a violation of investment related statutes, rules, regulations or industry standards of conduct." (Respondent Exhibit 14).

44. Pursuant to the change of employment, the Financial Industry Regulatory Authority ("FINRA") conducted an examination related to the departure from Buell and issued an Examination Disposition Letter on March 9, 2020, in which it found that Respondent failed to follow the firm's written supervisory procedures for failure to verbally confirm any electronic instructions from his or her client and disbursed a fraudulent wire transfer from a customer's account in the amount of $73,000 and that Respondent "failed to verbally confirm electronic instructions that were received via e-email from the same purported customer on February 5, 2019. As a result, the firm sold 4,810 shares of UBNK without authorization from the customer." (DOB Exhibit 11; Transcript at 93-97).

45. The March 9, 2020, FINRA communication is titled a "Cautionary Action," and no further action was taken by FINRA in connection with the same. (DOB Exhibit 11; Transcript at 97).

46. On or about March 16, 2020, Respondent commenced a FINRA arbitration against Buell and its President due to certain retaliatory and wrongful actions Buell and its President took against Respondent after he ceased employment with Buell. (Respondent Exhibit 21; Transcript at 128-131).

47. On April 13, 2020, counsel representing Respondent sent the Division a letter, stating that Client ". . . appears to have been the victim of fraudulent conduct by an unknown third party . . . . did not suffer

any financial loss and . . . [Respondent] continues to service [Client] at Capitol Securities after he transferred his securities account from Buell . . . ." (Respondent Exhibit 15).

48. On August 10, 2020, counsel representing Respondent sent the Division a letter specifically referencing the transaction at issue in stating that the Operations Manager ". . . executed the sale of the securities in [Client's] account and Buell then transferred the proceeds of the sale to the Wells Fargo Account. [Respondent] did not place the sell order and was not involved with the transfer of the funds to the Wells Fargo account, nor did he review or sign the ACH form for the transfer of funds." (Respondent Exhibit 17).

49. Respondent alleged in the arbitration that certain answers to questions contained in the Form U5[3] filed by Buell were defamatory in nature and misleading, were inaccurate and/or erroneous and Respondent sought to have the reason for termination of employment expunged, among other relief. (Respondent Exhibits 14, 15 & 21; Transcript at 128-131).

50. Following arbitration hearings on November 29, 2021 through December 3, 2021, September 6-9, 2022, October 12-13, 2022, and December 1, 2022, an award was granted to Respondent on December 21, 2022, in which he was granted a monetary award as well as the expungement of certain information at issue. (Respondent Exhibit 21; Transcript at 128-131).

51. On or about June 3, 2022, the Division conducted a review of Respondent's trading activities while employed at Buell and stated in a letter to Respondent that "In February 2019, it appears you sold shares of a security for a Connecticut client account without authority to do so; and exercised discretionary power in the account of that client without first obtaining written authorization from the client." (DOB Exhibit 12; Transcript at 193-196).

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[3] The Form U5 (Uniform Termination Notice for Securities Industry Registration) is a mandatory form filed by broker-dealers, investment advisers, or issuers of securities to terminate the registration of an individual in the appropriate jurisdictions and/or self-regulatory organizations ("SROs"). Terminates a registered individual's association with a firm and specific jurisdictions.

52. On January 13, 2023, Respondent filed an Application to Confirm Arbitration Award in the State of Connecticut Superior Court, Judicial District of Hartford at Hartford, Docket No.: HHD-CV23-6164527-S. The Application was granted by the Court on February 23, 2023, and a disposition of a General Judgment Without Trial was entered by the Court. (Respondent Exhibit 21; Transcript at 128-131).

53. Testimony by Associate Financial Examiner Lawrence and Banking Department Manger Cannata indicate that a review of the entire transaction was conducted, which included cooperation from Respondent, production of testimony and documentation as they related to the transaction at issue. (Transcript at 107-150, 152-160, 199-204, and 214-216).

54. Respondent did not obtain the written discretionary authority from Client to execute the sale of UBNK stock. (Transcript at 44, 91-93, 161-162, 201, 212, 221-225).

55. Respondent had no written discretionary authority from Client specifically regarding the sale of UBNK stock prior to engaging in the sale of the stock from Client's account.[4] (Transcript at 269, 271-273).

IV. LEGISLATIVE AND REGULATORY AUTHORITY REGARDING ALLEGED SECURITIES ACTIVITY

Statutes Section 36b-4 states, in relevant part, that:

> (b) "No person shall, in connection with the offer, sale or purchase of any security, directly or indirectly engage in any dishonest or unethical practice."
>
> . . . .
>
> It also provides that: (d) "The commissioner may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section."

[4] Respondent did not have any written authority, did not have a telephone conversation, nor did he engage in a text message exchange and did not otherwise speak to Client directly to confirm the trade.

Regulations Section 36b-31-15b(a)(8) states, in relevant part, that:

> **Dishonest or unethical business practices by agents** (a) In implementing section 36b-15 (a) (2) (H) of the general statutes, the following shall be deemed "dishonest or unethical practices in the securities . . . business" by agents without limiting those terms to the following practices:
> . . .
>
> (8) Engaging in any of the practices specified in subdivisions (1), (2), (4) to (6), inclusive, (9), (12), (13), (15) to (21), inclusive, and (23) of section 36b-31-15a (a) of the regulations.

Regulations Section 36b-31-15a states, in relevant part, that:

> **Dishonest or unethical business practices by broker-dealers** (a) In implementing section 36b-15 (a) (2) (H) of the general statutes, the following shall be deemed "dishonest or unethical practices in the securities . . . business" by broker-dealers without limiting those terms to the following practices: . . .
>
> (5) Executing a transaction on behalf of a customer without authority to do so; (6) Exercising any discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer unless such discretionary power relates only to the price at which or the time when an order given by a customer for the purchase or sale of a definite amount of a specific security shall be executed[.] . . .
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> (b) In construing the term "dishonest or unethical practices in the securities . . . business" as used in this section and in section 36b-15 (a) (2) (H) of the general statutes, the commissioner may consider whether the conduct in question is proscribed by any rule of a national securities exchange or self-regulatory organization registered under federal securities laws administered by the United States Securities and Exchange Commission.

Statutes Section 36b-15 (Formerly Sec. 36-484), states in relevant part, that:

> **Denial, suspension or revocation of registration by commissioner. Withdrawal from registration or of application.** (a) The commissioner may, by order, deny, suspend or revoke any registration, censure or impose a bar upon any registrant, any partner, officer or director of any registrant or any other person directly or indirectly controlling any registrant or, by order, restrict or impose conditions on the securities or investment advisory activities that an applicant or registrant may perform in this state if the commissioner finds that . . . (2) the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:; . . . (H) has engaged

> in fraudulent, dishonest or unethical practices in the securities, commodities, investment, franchise, business opportunity, banking, finance or insurance business, including abusive sales practices in the business dealings of such applicant, registrant or person with current or prospective customers or clients[.]

Statutes Section 36b-27 states, in relevant part, that:

> (a) Whenever it appears to the commissioner after an investigation that any person has violated, is violating or is about to violate any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, or that the further sale or offer to sell securities would constitute a violation of said sections or any such regulation, rule or order, or that any person has engaged in a dishonest or unethical practice in the securities or commodities business within the meaning of sections 36b-31-15a to 36b-31-15d, inclusive, of the regulations of Connecticut state agencies, the commissioner may, in the commissioner's discretion, order (1) the person . . . to cease and desist from the violations or the causing of or aiding in the violations of the provisions of said sections or of the regulations, rules or orders thereunder, or from the further sale or offer to sell securities constituting or which would constitute a violation of the provisions of said sections or of the regulations, rules or orders thereunder, or from further engaging in such dishonest or unethical practice and to take or refrain from taking such action that in the opinion of the commissioner will effectuate the purposes of sections 36b-2 to 36b-34, inclusive. . . .
>
> (e) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any of the provisions of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections, or that the further sale or offer to sell securities would constitute a violation of said sections or any such regulation, rule or order, the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by this section, bring an action in the superior court for the judicial district of Hartford to: . . . (2) seek a court order imposing a fine not to exceed one hundred thousand dollars per violation against the person found to have violated, caused a violation or materially aided in the violation of any provision of sections 36b-2 to 36b-34, inclusive, or any regulation, rule or order adopted or issued under said sections 36b-2 to 36b-34, inclusive. . . .

V. CONCLUSIONS OF LAW

A. Jurisdiction and Procedure

1. The Commissioner is charged with the administration of Chapter 672a of the Statutes, the Act and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations under the Act. This matter was

initiated after an investigation was conducted by the Division of the Department. On December 18, 2024, the Commissioner issued the Notice against Respondent.

2. The Commissioner, through the Notice, provided Respondents with an opportunity for a hearing in accordance with Section 36b-27 of the Act on December 18, 2024. On January 3, 2025, an Appearance and Request for Hearing on behalf of Respondent was timely filed. On January 10, 2025, the Commissioner issued a Notification of Hearing and Designation of Hearing Officer, appointing Jeffrey T. Schuyler, Esq. as the Administrative Hearing Officer.
3. The Notice issued by the Commissioner against Respondent comported with the requirements of Section 4-177(b) of Chapter 54 of the UAPA.
4. Respondent appeared through an attorney at the hearing on the dates of October 1 & 2, 2025, and had an opportunity to present evidence, rebuttal evidence, and argument on all issues of fact and law to be considered by the Commissioner. Respondent and the Department both submitted post-hearing briefs along with reply briefs.
5. The Commissioner's broad regulatory authority includes the power to impose civil penalties pursuant to Section 36b-27, and to issue orders to cease and desist pursuant to Section 36b-27 of the Statues.

B. Evidentiary Standard

The applicable standard of review in an appeal from the decision of an administrative agency is governed by the UAPA, Statutes Section 4-166 et seq., and the scope of that review is very restricted. *New Haven v. Freedom of Info. Comm'n*, 205 Conn. 767, 773, 535 A.2d 1297 (1988).

> The substantial evidence rule governs judicial review of administrative fact-finding under the UAPA. An administrative finding is supported by substantial evidence if the record affords a substantial basis of fact from which the fact in issue can be reasonably inferred. The substantial evidence rule imposes an important limitation on the power of the courts to overturn a decision of an administrative agency . . . .

Dolgner v. Alander, 237 Conn. 272, 281, 676 A.2d 865 (1996). (Citations omitted; internal quotation marks omitted.) *See* Conn. Gen. Stat. § 4-183 (j)(5) and Conn. Gen. Stat. § 4-183 (j)(6).

The applicable standard of proof in Connecticut administrative cases, including those involving fraud and severe sanctions, is the preponderance of the evidence standard. *Goldstar Med. Servs. v. Dep't*

of Soc. Servs., 288 Conn. 790, 819, 955 A.2d 15 (2008). The Department in this matter bears the ultimate burden of proving the elements of the offense by a preponderance of the evidence in support of the Commissioner's findings. *See Bialowas v. Comm'r of Motor Vehicles,* 44 Conn. App. 702, 692 A.2d 834 (1997).

C. Legal Standards

The rules for interpreting the meaning and application of statutory provisions are well established in Connecticut:

> [O]ur fundamental objective is to ascertain and give effect to the apparent intent of the legislature. . . . In other words, we seek to determine, in a reasoned manner, the meaning of the statutory language as applied to the facts of [the] case, including the question of whether the language actually does apply. . . . In seeking to determine that meaning, General Statutes §1-2z directs us first to consider the text of the statute itself and its relationship to other statutes. If, after examining such text and considering such relationship, the meaning of such text is plain and unambiguous and does not yield absurd or unworkable results, extratextual evidence of the meaning of the statute shall not be considered. . . . When a statute is not plain and unambiguous, we also look for interpretive guidance to the legislative history and circumstances surrounding its enactment, to the legislative policy it was designed to implement, and to its relationship to existing legislation and common law principles governing the same general subject matter . . . .

Vincent v. City of New Haven, 285 Conn. 778, 784-85, 941 A.2d 932 (2008). (Internal quotation marks omitted.)

Intended to protect consumers, "[R]emedial statutes should be construed liberally in favor of those whom the law is intended to protect." *Solomon v. Gilmore*, 248 Conn. 769, 774-75, 731 A.2d 280 (1999) (quoting *Dysart Corp. v. Seaboard Sur. Co*., 240 Conn. 10, 18, 688 A.2d 306 (1997) and describing statutes governing secondary mortgages as remedial).

Pursuant to Regulations Section 36B-31-15a, the Department may consider other self-regulatory organizations registered under securities laws administered by the United States Securities and Exchange Commission. The Financial Industry Regulatory Authority ("FINRA") is one such entity, which has also promulgated rules in connection with the use of discretionary authority on customers' accounts. FINRA has stated that "[n]o member or registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or

individuals and the account has been accepted by the member, as evidenced in writing by the member or the partner, officer or manager, duly designated by the member . . . ." See; FINRA Rule 2510(b),[5] (DOB Exhibit 15 and 16; Transcript at 204-206). Further, not only is the FINRA Rule of forbidding discretionary authority unless explicitly given and approved a generally accepted practice in the securities trading industry, but it was also the explicit policy of Buell, of which Respondent was employed. (DOB Exhibit 10, Transcript at 44, 91-93, 161-162, 201, 212, 221-225).

D. Alleged Violation of Respondent

1. Legal Analysis

In summary, Respondent is alleged to have violated Section 36b-4(b) of the Statutes by directly or indirectly engaging in dishonest or unethical practices in connection with the offer, sale or purchase of any security and violated Section 36b-31-15b(a)(8) of the Regulations by exercising discretionary power in effecting transactions for a customer's account without obtaining written discretionary authority. Respondent offered no testimonial evidence, documentary evidence or factual argument in opposition to the underlying facts regarding the transaction at issue in this case. In essence, the facts are not in dispute. Respondent received a communication from an email address he recognized as belonging to his client and which he believed to be his client in which he purportedly requested funds from his account which was managed by Respondent. In order to access the funds requested, Respondent needed to sell shares of stock held in Client's account, which Respondent executed without first obtaining written discretionary authority from the customer to effectuate the sale of UBNK shares. Respondent and Buell then transferred the proceeds from the sale of stock via ACH to Client's account. Respondent was thereafter contacted by Client regarding the transaction as Client was unaware of any of the communications and did not request or authorize the sale of stock or funds transfer. It was then discovered that Client was a victim of a scam, in which an individual, through impersonating Respondent, perpetrated the

[5] It is noted that this Section was in effect at the time of the relevant transaction but has been superseded by FINRA Rule 3260(b) which is identical in language to the applicable rule. See; DOB Exhibits 15 & 16.

communications, fraudulently facilitated the transactions and wrongfully received the proceeds of the sale. Respondent, upon the discovery of the fraudulent activities, engaged in various remedial efforts on behalf of Client, including the repurchase of shares of stock previously sold, the replenishment of Client's holdings with the shares of stock and assisted him in the handling of the fraud. Client was subsequently made whole.

a. Meaning of "Practice"

Respondent raised during the hearing as well as in the Brief and Reply Brief filed post-hearing, that he did not engage in "any dishonest or unethical practice" in connection with the transaction as his failure to first obtain written discretionary authority from Client to sell the UBNK stock was an isolated incident and that, therefore, he cannot be in violation of Section 36b-4 of the Statutes. The term "practice" is not defined in Section 36b-4. In the absence of a statutory definition, "[W]ords and phrases shall be construed according to the commonly approved usage of the language; and technical words or phrases, and such as have acquired a peculiar and appropriate meaning in the law, shall be construed and understood accordingly." *See*; Conn. Gen. Stat. § 1-1(a). The word "practice" has multiple definitions. The verb "practice" is defined by *Merriam-Webster Dictionary* as, (1) "(a) to carry out, apply[,] (b) to do or perform often, customarily, or habitually[, or] (c) to be professionally engaged in" such as the practice of medicine, law or, in the context of this matter, banking, securities and financial institutions. See; *Merriam Webster Dictionary online*: https://www.merriam-webster.com/dictionary/practice) Practice as a noun is defined as (1) "(a) actual performance or application[,] (b) a repeated or customary action[,] (c) the usual way of doing something[, or] (d) the form, manner, and order of conducting [professional business activities]." See; *Merriam Webster Dictionary* online: https://www.merriam-webster.com/dictionary/practice.

The term "practice" has been used in Connecticut law in several instances other than the Statutes and Regulations relevant in this matter, as well as used in the Connecticut Banking Laws.

Statutes Section 36a-608 states, in relevant part, that:

> (a) The commissioner shall make such investigations as the commissioner considers necessary to determine whether any licensee or any other person has violated, is violating or is about to violate any of the provisions of sections 36a-595 to 36a-612, inclusive, or whether any licensee has acted in such manner as otherwise would justify the suspension or revocation of the license or a refusal to renew the license. … *For purposes of this section, "unsafe or unsound practice" means a practice or conduct by a licensee or an authorized delegate that is likely to result in a material loss*, insolvency or dissipation of the licensee's assets or otherwise materially prejudice the interests of purchasers. (Emphasis added).
>
> (b) The commissioner may suspend, revoke or refuse to renew a license or take any other action, … (5) for engaging in an unsafe or unsound practice.
>
> (c) Whenever it appears to the commissioner that . . . (3) any licensee has . . . engaged in an unsafe or unsound practice, the commissioner may take action against such person in accordance with sections 36a-50 and 36a-52.

Statutes Section 36a-665(b) states, in relevant part, that: "Any person who violates any other provision of sections 36a-655 to 36a-665, inclusive, shall be fined not more than one thousand dollars for the *first offense*, and for each subsequent offense shall be fined not more than one thousand dollars and imprisoned not less than thirty days nor more than one year." (Emphasis added.). Further, Section 36b-27 of the Statutes, which grants the Commissioner the jurisdiction over this matter and provides for a broad range of regulatory authority, cites to "any of the provisions of sections 36b-2 to 36b-34" as a basis to find a violation[6] and provides for the assessment of fines "per violation"[7]. There is no statutory requirement or inference that multiple violations or multiple instances of a single violation must exist for the Department to find a Statutory or Regulatory violation has occurred. Therefore, a single violation, even if it is not part of a larger pattern, can be penalized by the Department. The Statutes explicitly allow for fines, cease and desist orders, and license revocation for individual violations of banking laws and Regulations.

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[6] See; Conn. Gen. Stat. § 36b-27(a) & (e)
[7] See; Conn. Gen. Stat. § 36b-27(e)

In addition, "General Statutes Section 36-25 states, in pertinent part, that: Proceedings by commissioner upon violation of banking laws. (2) If, in the opinion of the commissioner [of banking], any [institution subject to the jurisdiction of said commissioner] is engaging or has engaged, or said commissioner has reasonable cause to believe that the institution is about to engage, in an unsafe or unsound practice, or is violating or has violated, or said commissioner has reasonable cause to believe that the institution is about to violate, a law rule, regulation or order, said commissioner may serve upon the institution a notice of charges in respect thereof. . . ." *Santamaria v. William Litwin Enter.*, #056805, 1992 Conn. Super. LEXIS 980, at 6-7 (Super. Apr. 13, 1992).

The term 'practices' is also used in the Connecticut Unfair Trade Practices Act ("CUTPA")[8], which adopted criteria for determining when practice is unfair.

> It is well settled that in determining whether a practice violates CUTPA we have adopted the criteria set out in the cigarette rule by the federal trade commission for determining when a practice is unfair: (1) Whether the practice, without necessarily having been previously considered unlawful, offends public policy as it has been established by statutes, the common law, or otherwise--in other words, it is within at least the penumbra of some common law, statutory, or other established concept of unfairness; (2) whether it is immoral, unethical, oppressive, or unscrupulous; (3) whether it causes substantial injury to consumers, [competitors or other businesspersons]. . . . All three criteria do not need to be satisfied to support a finding of unfairness. A practice may be unfair because of the degree to which it meets one of the criteria or because to a lesser extent it meets all three. (Internal quotation marks omitted.)

Ventres v. Goodspeed Airport, LLC, 275 Conn. 105, 155, 881 A.2d 937 (2005), cert. denied, 547 U.S. 1111, 126 S. Ct. 1913, 164 L. Ed. 2d 664 (2006).

"Thus, a violation of CUTPA may be established by showing either an actual deceptive practice . . . or a practice amounting to a violation of public policy." *Glazer v. Dress Barn, Inc.*, 274 Conn. 33, 82-83, 873 A.2d 929 (2005). (Internal quotation marks omitted.). "[W]hether a practice is unfair and thus violates CUTPA is an issue of fact. . . . The facts found must be viewed within the context of the totality

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[8] See; Conn. Gen. Stat. § 42-110b(a)

of circumstances which are uniquely available to the trial court." *Ramirez v. Health Net of the Northeast, Inc*., 285 Conn. 1, 22, 938 A.2d 576 (2008). (Internal quotation marks omitted.). This court has held that a single act of misconduct may constitute a violation of CUTPA. See; *Johnson Elec. Co. v. Salce Cont. Assocs, Inc.*., 72 Conn. App. 342, 344, 805 A.2d 735, cert. denied, 262 Conn. 922, 812 A.2d 864 (2002) and *Landmark Inv. Grp, LLC v. Chung Family Realty P'ship, LLC*, 125 Conn. App. 678, 708, 10 A.3d 61 (2010). The Court decisions in these matters are instructive and persuasive in their reasoning, particularly in light of the fact that the term is plural within the title of CUTPA and the Court has still found that a singular event can constitute a violation.

The term "practice" has been interpreted in a U.S. Supreme Court case stemming from an action involving sanctions levied against an individual by the Federal Deposit Insurance Corporation ("FDIC") Board, in which, the Court stated that the FDIC Board began its review of the matter by determining, first, whether an individual had engaged in an unsafe or unsound banking practice. See, *Calcutt v. FDIC*, 598 U.S. 623, 626-27 (2023). Such a practice, according to the Board, "is one that is 'contrary to generally accepted standards of prudent operation' whose consequences are an 'abnormal risk of loss or harm' to a bank." *Id*., App. to Pet. for Cert. 150a (quoting *Michael v. FDIC*, 687 F. 3d 337, 352 (CA7 2012)). (Internal quotation marks omitted.). The Board held that standard satisfied, concluding that "the record in this matter overwhelmingly establishes that [individual] engaged in numerous unsafe or unsound practices." *Id*. (Internal quotation marks omitted.). The relevant question in this case was whether the individual "engaged or participated in any unsafe or unsound practice". *Id*. (Internal quotation marks omitted.). The finding that it was numerous occasions and then further defines that as the plural of practices gives weight to the conclusion that one instance is enough as each instance of the practice added together made numerous violations.

Based on the analysis of the foregoing, the practice of Respondent's failure to first obtain written discretionary authority from the customer to execute the sale of UBNK stock from Client's account is the only thing at issue in this matter. Respondent has argued that this does not qualify as a practice as it is an isolated incident which, based on the evidence provided and necessary factual findings, only occurred

once. However, the activity need only occur once to be evaluated and subsequently deemed a violation. This type of transaction is singular in the Statutes and then encompassed in the Regulations where practice is pluralized as it simply lists multiple acts which could be deemed as a practice. It again would not make sense to require that multiple practices be violated for there to be a violation of the Statutes or Regulations. Nor does one practice need to be conducted multiple times in order to rise to the level of a violation of the Statutes or Regulations.

b. Actual Loss not Determinative

In another matter before the U.S. Court of Appeals, Second Circuit, an individual was subject to sanctions stemming from a single act in which the Administrative Law Judge ("ALJ") found to be an unsafe and unsound practice after revealing confidential information which was obtained through a position of authority. *Cousin v. Off. of Thrift Supervision*, 73 F.3d 1242, 1246-48 (2d Cir. 1996). The Court did not procedurally have to address the findings regarding an unsafe or unsound practice; however, it did cite that the language of the applicable Statutes required, for there to be a violation, that the "interests of . . . holders *could* be seriously prejudiced by reason of such violation . . . " *Id*. The Court further opined that it thought it was unrealistic to suggest that an entity is powerless to respond to an employee's wrongdoing until actual harm to the entity or others occurs. *Id*. There only needs to be a showing of sufficient evidence to demonstrate the possibility of serious prejudice resulting from activities for any effect prong to be met. *Id*.

This is particularly the case when there is a potential for loss. The possibility of serious financial loss was sufficiently evidenced by the fact that Client's holdings were sold and the proceeds transmitted to a third party, thereby causing a temporary $73,000 loss. The potential for risk to Client and potential loss by Client is also evident as Client had his holdings reduced by roughly $73,000 without his knowledge and could have possibly lost those funds forever. Had Respondent not remedied the situation by repurchasing shares of stock to reimburse Client's holdings, then Client could have lost $73,000, which represents a significant loss. One of the primary purposes of the referenced Statutes and Regulations is to protect individuals, consumers and industry professionals from unsafe activities.

Barring trading on clients' accounts without clients' express approval makes sense and should have been a guardrail and protection against the facts in this matter from occurring.

Based on the substantial evidence in the record, Respondent executed the sale of the UBNK stock without first obtaining written discretionary authority from Client.. Respondent did not have the discretionary authority to act in the manner that he did.

Further, Respondent's argument that this is not a violation because it did not occur multiple times is not persuasive. Nowhere in the Statutes or Regulations encompassing the allegations require that an activity must occur more than once in order for it to be considered a violation. Requiring that to be the case would in fact yield an absurd result and would be contrary to the remedial purpose of the Statutes and Regulations to protect all parties involved. The fact that only one incident is alleged to be in violation of the Statutes and Regulations may lessen potential sanctions, but in no way does it absolve the activity as it squarely fits within a prohibited practice and is therefore in violation of the Statutes and Regulations.

Lastly, Respondent clearly took numerous remedial actions following the discovery of the fraud on behalf of Client. However, these actions do not cure or erase the fact that the unauthorized transaction occurred in the first place, making the remedial actions necessary. It is commendable that Respondent took actions to make Client whole, but this goes to the mitigation of the damage already caused by the transaction itself. In no way is this decision stating that Respondent is personally unethical or dishonest. In this light, Respondent acted responsibly, honestly and with great care to Client. Unfortunately, this all occurred after the fact; the violation had already occurred due to Respondent exercising discretionary authority in effecting the sale of UBNK stock on Client's account without first obtaining written discretionary authority from Client.

Violations: Exercising Discretionary Authority and Executing a Trade Without Express Consent of Client

Respondent violated (1); 36b-4(b) of the Statutes by engaging in a dishonest or unethical practice in connection with the offer, sale or purchase of a security and (2); Section 36b-31-15b(a)(8) by exercising discretionary power in effecting a stock sale transaction for Client's account without obtaining

written discretionary authority prior to effecting the transaction. As described more fully in the Factual Findings section above, there is evidence in the record to support two [2] such violations.

VI. ORDER

Having read the record, I hereby find sufficient evidence to recommend to the Commissioner that the Commissioner **ORDER**, pursuant to Sections 36b-4, 36b-15 and 36b-27 of the General Statutes of Connecticut, that:

1. Goodhue **CEASE AND DESIST** from violating Section 36b-4 of the Connecticut General Statutes and Section 36b-31-15b(a)(8) of the Regulations of Connecticut State Agencies;
2. A **CIVIL PENALTY** of Fifteen-Thousand Dollars ($15,000) be imposed upon Goodhue;
3. This Order shall become effective when mailed.

Note: All payments to be remitted to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut," no later than thirty (30) days from the date this Order is mailed.

Dated at Hartford, Connecticut,
this 20th day of February 2026.

_____/s/_____
Jorge L. Perez
Banking Commissioner