

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)

ADMINISTRATIVE COMPLAINT

BRETT MICHAEL LETOURNEAU)
_____)

Docket No. E-2012-0053

2012 JUN 20 11:10:55
SECRET

I. PRELIMINARY STATEMENT

The Registrations, Inspections, Compliance and Examinations Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (collectively the “Division”) files this complaint (the “Complaint”) in order to commence an adjudicatory proceeding against the above named Respondent, Brett Michael Letourneau (the “Respondent”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”) and 950 MASS. CODE REGS. 10.00 *et seq.*, (the “Regulations”). The Complaint alleges that the Respondent willfully engaged in fraudulent and dishonest and unethical activities in the Commonwealth of Massachusetts in violation of the Act and Regulations.

The Registrations, Inspections, Compliance and Examinations Section seeks an Order: 1) requiring Respondent Brett Michael Letourneau to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 2) requiring Respondent Brett Michael Letourneau to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing, and to offer rescission to and fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) requiring Respondent Brett Michael Letourneau to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 4) revoking the registration of Respondent Brett Michael Letourneau as an agent of

a broker-dealer in the Commonwealth; 5) barring the association or registration of Respondent Brett Michael Letourneau with any broker-dealer, issuer of securities, or investment adviser in the Commonwealth; 6) imposing an administrative fine on Respondent Brett Michael Letourneau in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 7) taking any such further actions which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

II. SUMMARY

Brett Letourneau (“Letourneau”) has been employed by Sentinel Securities, Inc. (“Sentinel”) since July 6, 2006 and has been a registered representative of Sentinel since May 21, 2009. Letourneau most recently held the position of Operations Manager in Sentinel’s home office and this position provided authority for him to effectuate transfers of funds between Sentinel’s operating and commission accounts. Also in his capacity as Operations Manager, Letourneau was authorized to appropriate checks that were issued by Sentinel and checks that were made payable to Sentinel.

Sentinel’s Chief Compliance Officer discovered that Letourneau had engaged in suspicious activity while he was in the process of responding to a regulatory inquiry concerning its former registered representative James Konaxis. In a prior action the Division had permanently barred James Konaxis from registration in the securities industry in Massachusetts for excessively trading a widow’s accounts that were funded exclusively by payments from the September 11th Victim Compensation Fund of 2001; the widow’s husband died in the September 11th terrorist attack on the Pentagon. On June 19, 2012, Sentinel, through the Chief Compliance Officer, self-reported to the Division that, between December 7, 2007 and May 23,

2012, Letourneau may have misappropriated as much as \$236,000.00 from Sentinel accounts. Letourneau was supervised directly by the President of Sentinel during his employment there.

The Chief Compliance Officer came to learn that Letourneau utilized the accounts of Sentinel clients and other Sentinel registered representatives to divert funds from Sentinel's operating and commission accounts to his own account. Letourneau then utilized the improperly obtained funds for his own personal benefit. During the period of February 5, 2008 through April 30, 2012, the total amount of funds that Letourneau was able to obtain through these journal transfers was \$139,155.73.

The Chief Compliance Officer also came to learn that during the period of January 25, 2008 through September 15, 2011, Letourneau was able to misappropriate eighteen checks that were either payable to Sentinel or issued by Sentinel and payable to someone other than himself. These eighteen checks totaled \$70,433.60 and Letourneau deposited all of these into his own account.

The Registrations, Inspections, Compliance and Examinations Section of the Massachusetts Securities Division files this complaint seeking injunctive relief, an accounting of all proceeds received, an offer of rescission for losses, disgorgement of all remuneration received, revocation of Letourneau's registration as an agent of a broker-dealer in the Commonwealth, to bar Letourneau from registering in the securities industry in the Commonwealth, an administrative fine, and any other actions appropriate for the protection of Massachusetts investors.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the

Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases of securities; 2) those persons engaged in the business of effecting transactions in securities for the account of others or for their own account; and 3) those persons transacting business as investment advisers within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by § 407A of the Act and MASS. GEN. LAWS ch. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.
3. This proceeding is brought in accordance with §§ 101, 204 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.
4. The Division specifically reserves the right to amend this Complaint and/or bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

IV. RELEVANT TIME PERIOD

5. Except as otherwise expressly stated, the conduct described herein occurred during the time period of July 6, 2006 to date (the “Relevant Time Period”).

V. RESPONDENT

6. Brett Michael Letourneau (“Letourneau”) is an individual with a last known principal place of residence at 180 East Lothrop Street Beverly, Massachusetts 01915. Letourneau is currently assigned Central Registration Depository (“CRD”) number 4462399. Between July 6, 2006 and May 21, 2009, Letourneau was employed by Sentinel Securities, Inc. (CRD 110942 and hereinafter “Sentinel”) in an unregistered capacity. Between May 21, 2009 and

the present, Letourneau has been registered with the Division in the Commonwealth of Massachusetts as an agent of Sentinel. Letourneau has most recently held the position of Operations Manager in Sentinel's home office.

VI. ALLEGATIONS OF FACT

7. Sentinel's Chief Compliance Officer, while in the process of responding to a regulatory inquiry concerning its former registered representative James Konaxis, discovered that Letourneau had misappropriated and stole funds.
8. On June 19, 2012, Sentinel's Chief Compliance Officer voluntarily entered the office of the Massachusetts Securities Division and informed the Division of Letourneau's activities.
9. Sentinel maintained both operating and commission accounts at Pershing, LLC, Sentinel's custodian.
10. Letourneau, in his capacity as Operations Manager of Sentinel, had the authority to transfer funds from Sentinel's operating and commission accounts.

Journal Transfers

11. During the period of June 20, 2008 through November 23, 2010, in ten (10) instances Letourneau processed journal transfers of funds from various Sentinel clients' accounts into his own account and utilized the money for his personal benefit; Letourneau credited the clients' accounts either before or after his transfer with funds from a Sentinel operating or commission account or with funds that should have been deposited into a Sentinel account.
12. In those ten (10) instances, the total amount of funds that Letourneau transferred from Sentinel clients into his own account was \$33,927.76.
13. During the period of April 22, 2008 through March 18, 2010, in eight (8) instances Letourneau processed journal transfers of funds from accounts of various Sentinel registered

representatives, often after overpaying commissions to them from Sentinel's commission account, to his own account and used the money for his personal benefit.

14. In those eight (8) instances, the total amount of funds that Letourneau transferred from Sentinel registered representatives into his own account was \$35,752.90.
15. During the period of March 9, 2011 through April 30, 2012, Letourneau processed numerous journal transfers of funds from Sentinel's commission account into his own account and utilized the money for his personal benefit; the total amount of funds transferred during this period was \$59,054.73.
16. On December 12, 2010, Letourneau processed a journal transfer of \$2,920.34 from Sentinel's operating account into his own account and utilized the money for his personal benefit.
17. On February 5, 2008, Letourneau processed a transfer of \$7,500.00 from the account of an individual who was a former employee of Sentinel ("Former Employee") into his own account and utilized the money for his personal benefit; Former Employee has since been refunded \$7,500.00 by Sentinel.
18. The total amount of funds that Letourneau was able to obtain through journal transfers to his account and utilize for his personal benefit was \$139,155.73.

Checks

19. During the period of January 25, 2008 through March 27, 2009, on seven (7) occasions Letourneau deposited checks into his own account that were issued by Sentinel clients and payable to Sentinel for payment of fees owed.
20. During those seven (7) occasions, the total amount of funds that Letourneau deposited into his own account instead of Sentinel's account was \$21,750.00.

21. During the period of May 9, 2008 through August 17, 2010, on seven (7) occasions Letourneau deposited checks into his own account that were issued by Sentinel and payable, not to Letourneau, but to various Sentinel registered representatives often as payment for commissions.
22. During those seven (7) occasions, the total amount of funds that Letourneau deposited into his own account was \$29,386.92.
23. During the period of July 2, 2009 through September 15, 2011, on four (4) occasions Letourneau deposited checks into his own account that were issued by Sentinel and made payable to Sentinel.
24. During those four (4) occasions, the total amount of funds that Letourneau deposited into his own account was \$19,296.68.
25. The total amount of checks not issued to Letourneau or made payable to him that he deposited into his own account was \$70,433.60.

VII. VIOLATIONS OF LAW

Count I – Violations of MASS. GEN. LAWS ch. 110A § 101

26. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

- (1) to employ any device, scheme, or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

27. Section 401(h) of the Act provides:

“Person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a limited liability company, a limited liability partnership, a government, or a political subdivision of a government.

28. Section 401(i)(2) of the Act provides

“Offer” or “offer to sell” includes every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value

29. Section 401(i)(1) of the Act provides:

“Sale” or “sell” includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value.

30. Section 401(k) of the Act provides:

“Security” means any note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. “Security” does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay money either in a lump sum or periodically for life or some other specified period.

31. The Regulations at 950 MASS. CODE REGS. 12.204(2) provides, in pertinent part:

950 CMR 12.204(2) identifies practices in the securities business that are associated with schemes to deceive or manipulate. A broker-dealer or agent who engages in one or more of the following practices shall have engaged in an "act, practice or course of business which operates or would operate as a fraud or deceit" as used in M.G.L. c. 110A, § 101. 950 CMR 12.204(2) is not inclusive, and thus, acts or practices not enumerated may also be found fraudulent...

(g) Effecting any transaction in, or inducing the purchase or sale of any security by means of any manipulative, deceptive or other fraudulent device or contrivance...

32. The Division herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 25 above.

33. The conduct of Respondent Brett Michael Letourneau, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101.

Count II – Violations of MASS. GEN. LAWS ch. 110A § 204(a)(2)(B)

34. Section 204 of the Act provides, in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that 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:— (B) has willfully violated or willfully failed to comply with any provision of this chapter or a predecessor chapter or any rule or order under this chapter or a predecessor chapter.

35. The Registrations, Inspections, Compliance and Examinations Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 25 above.

36. The conduct of Respondent Brett Michael Letourneau as described above constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(B).

Count III – Violations of MASS. GEN. LAWS ch. 110A § 204(a)(2)(G)

37. Section 204 of the Act provides, in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that 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:— (G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business.

38. The Regulations at 950 MASS. CODE REGS. 12.204 provide:

(b) Each agent shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of his or her business. Acts and practices, including, but not limited to, the following, are considered contrary to such standards and constitute dishonest or unethical practices in the securities industry and are thereby grounds for imposition of an administrative fine, censure,

denial, suspension or revocation of a registration or such other action as is appropriate:

(1) Engaging in the practice of lending or borrowing money or securities from a customer, or acting as a custodian for money, securities or an executed stock power of a customer.

(3) Establishing or maintaining an account containing fictitious information in order to execute transactions that would otherwise be prohibited.

(4) Sharing directly or indirectly in profits and losses in the account of any customer without the written authorization of the customer and the broker-dealer that the agent represents.

(8) Engaging in conduct specified in 950 CMR 12.204(1)(a)1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 18, 19, 22, 23, 27 or 28.

The Regulations at 950 MASS. CODE REGS. 12.204(1)(a) provide:

(5) Executing a transaction on behalf of a customer without authorization to do so.

(6) Exercising any discretionary power in effecting a transaction for a customer's account without first obtaining written authority from the customer, unless the discretionary power relates solely to the time and/or price for the execution of the order.

39. The Registrations, Inspections, Compliance and Examinations Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 25 above.

40. The conduct of Respondent Brett Michael Letourneau as described above constitutes violations of MASS. GEN. LAWS ch. 110A, § 204(a)(2)(G).

VIII. STATUTORY BASIS FOR RELIEF

41. Section 407A of the Act entitled “Violations; Cease and Desist Orders; Costs” provides in pertinent part:

(a) If the secretary determines, after notice and opportunity for a hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take affirmative action, including the imposition of an administrative fine, the issuance of an order for accounting, disgorgement or rescission or any other relief as in his judgment may be necessary to carry out the purposes of [the Act].

42. The Registrations, Inspections, Compliance and Examinations Section herein re-alleges and restates the allegations of fact set forth in paragraphs 1 through 25 above.

43. Respondent Brett Michael Letourneau, directly and indirectly, engaged in the acts, practices, and courses of business set forth in the Complaint above, and it is the Registrations, Inspections, Compliance and Examinations Section's belief that Respondent Brett Michael Letourneau will continue to engage in acts and practices similar in subject and purpose which constitute violations of §§ 101 and 204 of the Act if not ordered to cease and desist and his registration is not summarily suspended.

IX. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to provide the relief request in Section X below.

X. RELIEF REQUESTED

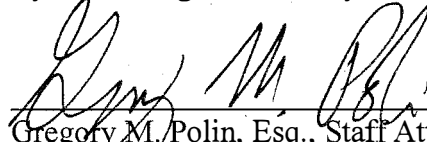
Wherefore, The Registrations, Inspections, Compliance and Examinations Section of the Division requests that the Director or Presiding Officer take the following actions:

- A. Find that all the sanctions and remedies as detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- B. Find as fact the allegations set forth in paragraphs 1 through 43 inclusive, of the Complaint;

- C. Require Respondent Brett Michael Letourneau to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth;
- D. Require Respondent Brett Michael Letourneau to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing, and to offer rescission to and fairly compensate investors for those losses attributable to the alleged wrongdoing;
- E. Require Respondent Brett Michael Letourneau to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- F. Revoke the registration of Respondent Brett Michael Letourneau as an agent of a broker-dealer in the Commonwealth;
- G. Bar the association or registration of Respondent Brett Michael Letourneau with any broker-dealer, issuer of securities or investment adviser;
- H. Impose an administrative fine on Respondent Brett Michael Letourneau in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- I. Take any such further actions which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION
REGISTRATIONS, INSPECTIONS, COMPLIANCE
& EXAMINATIONS SECTION (RICE)**

By and through its attorneys,



Gregory M. Polin, Esq., Staff Attorney, RICE
Anthony M. Drenzek, Esq., Associate Director, RICE
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, Massachusetts 02108
(617) 727-3548 Telephone
(617) 248-0177 Facsimile

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