

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
233 RICHMOND STREET, SUITE 232
PROVIDENCE, RI 02903-4232**

IN THE MATTER OF :
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BTS SECURITIES CORPORATION : **CONSENT AGREEMENT**
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I.

The Securities Division ("Division") of the Rhode Island Department of Business Regulation ("Department") enters into this Consent Agreement ("Agreement") to resolve concerns that Section 7-11-212 of the Rhode Island Uniform Securities Act of 1990 ("RIUSA"), Section 7-11-101 et seq. of the Rhode Island General Laws, 1989, as amended, and Rule 212(a)-1A. of the rules promulgated thereunder, may have been violated by BTS Securities Corporation ("BTS", the "Firm"). The Division has determined to resolve this matter, after investigation, but without instituting administrative proceedings, by entering into this Agreement.

II.

It is hereby agreed by and between the Division and BTS that:

1. BTS is a Massachusetts corporation, formed on January 28, 1981, with a principal place of business at 420 Bedford Street, Lexington, Massachusetts.
2. BTS is presently, and has been continuously, licensed as a broker-dealer in the State of Rhode Island since February 1, 1983.

3. John A. Thompson (“Thompson”, the “Representative”) is a registered representative employed by BTS and has been continuously licensed in the State of Rhode Island since March 5, 1983.
4. Based on information and belief, the Division alleges that during the period March through April the Firm allowed the following violations of RIUSA and the Rules promulgated thereunder to occur in the sale of securities by the Representative. Specifically, the Division alleges that Sections 7-11-212(b) (11) – Failure to Supervise, Rule 212(a)-1 A. 3 – Suitability (Firm) and Rule 212(a)-1 B. 9 – Suitability (Representative) were violated. The facts in this matter that constitute the specified violations follow.
5. On August 28, 2002, the Representative sold four fixed annuities to an elderly investor, aged 76 years. Three of the annuities were non-qualified; the fourth annuity was a qualified IRA account.
6. On March 9, 2007 the Representative recommended the sale of the three non-qualified annuities; on April 11, 2007 he recommended the sale of the qualified IRA annuity.
7. The proceeds from the sale of the four annuities were used to open two MFS Accounts, one regular (non-qualified) account and one qualified IRA account. The investment vehicle within both accounts was a MFS High Yield Municipal Bond Fund sold through the Firm.
8. The BTS Personal Financial Profiler completed by the Representative indicates that the investor has previous experience investing in municipal bonds or municipal bond funds. The investor denies completing or giving this answer to the Representative.

9. The BTS Personal Financial Profiler further indicates that the investor will add approximately \$12,000 to the MFS investment. The investor denies this.
10. The investor was shown the following investment forms bearing her signature: the MFS Account Application, the MFS IRA Application, the MFS Transfer on Death Guidelines, the BTS Personal Financial Profiler, the BTS Class B Share Disclosure, and the BTS Prospectus and Privacy Statement Receipt.
11. The investor identified and acknowledged that the signature on the forms was hers but stated that the forms were blank when she signed them. The investor advised that the Representative gave her the blank forms to sign indicating that he would complete them afterwards. She placed her trust in the Representative after dealing with him for almost thirty years.
12. The Division alleges that the actions on the part of the Representative in the liquidation of the four fixed annuities and the subsequent sale of the municipal bond mutual fund constitute violations of RIUSA.

III

Based on the foregoing, the Division finds that the following is in the public interest, appropriate for the protection of investors and consistent with the purposes intended by the policy and provisions of RIUSA. Accordingly, it is hereby further agreed that:

1. BTS shall immediately undertake to comply fully with RIUSA and the Rules promulgated thereunder;
2. BTS will review the Representatives securities business transacted from June 2006 to the present, as well as going forward, to ensure it is in reasonable compliance with the

Rules of the Financial Industry Regulatory Authority ("FINRA") as they apply to fair dealing with customers;

3. BTS will reimburse the investor ten thousand six hundred ninety four dollars (\$10,694.00).
4. Upon execution of this Agreement BTS shall pay an administrative penalty of five thousand dollars (\$5,000.00).
5. Additional violations of RIUSA may be grounds for significant and substantial penalties such as revocation or suspension, administrative penalties up to ten thousand dollars (\$10,000.00) per violation and the imposition of criminal and civil sanctions.

Dated as of the 22nd day of September, 2008. OK
ML

Maria L. D'Alessandro
Maria L. D'Alessandro
Associate Director and Superintendent of Securities

By: Matthew Pasts
BTS Securities Corporation
Matthew Pasts, President

On this 17th day of September 2008 there appeared before me Matthew Pasts who executed the foregoing Consent Agreement and who duly acknowledged to me that he/she was authorized to do so.

NOTARY PUBLIC Elizabeth A. Walker
my commission expires 5/31/2013



ELIZABETH A. WALKER
Notary Public
Commonwealth of Massachusetts
My Commission Expires
May 31, 2013