

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
1511 PONTIAC AVENUE BUILDING 69-1
CRANSTON RI 02920**

IN THE MATTER OF

LEONARD MARTIN & ASSOCIATES, INC.

CONSENT AGREEMENT

I.

The Securities Division ("Division") of the Rhode Island Department of Business Regulation ("Department") enters into this Consent Agreement ("Agreement") to resolve concerns that §§ 7-11-212(b)(2) of the Rhode Island Uniform Securities Act of 1990 ("RIUSA"), § 7-11-101 *et seq.* of the Rhode Island General Laws, 1989, as amended (the "RIUSA"), and Rule 212(a)-1 C. 1. promulgated under the RIUSA may have been violated by Leonard Martin & Associates, Inc. (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 the Firm that:

1. The Firm registered as a domestic profit corporation in Rhode Island on January 20, 2004. Its principal place of business is located at 1045 Warwick Avenue, Warwick, Rhode Island. Leonard Martin ("Martin") is the President of the Firm.
2. On July 17, 2008, the Firm applied for registration as a licensed investment adviser in this State. The license was approved on August 26, 2008.

3. On July 17, 2008, the President of the Firm, Martin, applied for registration as a licensed investment adviser representative in this State. That license was approved on August 27, 2008.
4. On June 9, 2011, the Division received a written complaint alleging an unsuitable recommendation relating to investment advice provided by Martin. Specifically, the complainant, an investor purportedly with both a short-term investment goal of three to five years and a long term goal of retirement, alleged that a recommendation was made by Martin to liquidate an existing mutual fund brokerage account and purchase a universal life insurance policy.
5. A subsequent investigation conducted by the Division disclosed that based on the recommendation the complainant liquidated an Amerprise Brokerage Account with an account value of \$3,994.41. From that liquidation, the complainant received \$3,928.17 after incurring a \$66.24 sales charge.
6. The funds received from the liquidation were placed in a bank account and a Lincoln Life Universal Life Insurance policy (the "Life Policy") was purchased. The Life Policy annual premium of \$1,200.00 was paid in the first year through a \$100.00 per month withdrawal from the bank account. The second year premium of \$1,200.00 was paid by check in full.
7. On August 19, 2011, inquiries made with Lincoln Life as to the cash value available to the complainant vis-à-vis the stated investment objectives disclosed that the current cash value in the Life Policy was \$2,069.01, however none of that cash was available for withdrawal at this time.
8. On the same date, August 19, 2011, Lincoln provided the following information as to the future availability of the cash value in the Life Policy: in 2012, at the end of the third year,

the cash available for withdrawal would be \$300.30; in 2013, at the end of the fourth year, the cash available for withdrawal would be \$1,715.00; in 2014, at the end of the fifth year the cash available for withdrawal would be \$3000.24.

6. Based on the above, it is the position of the Division that the Firm may have violated § 7-11-212(b)(2) of the RIUSA and Rule 212(a)-1 C. 1. promulgated thereunder

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. The Firm shall immediately undertake to comply fully with § 7-11-212(b)(2) of RIUSA and the Rules promulgated thereunder;
2. The Firm agrees to reimburse the complainant the sum of \$2,466.24. This amount represents the total premiums paid for the Life Policy, \$2,400.00, and the surrender fees of \$66.24 paid by the complainant at the time the brokerage account was liquidated;
3. Upon execution of this Agreement, the Firm shall pay an administrative penalty to the Department of Fifteen Hundred Dollars (“\$1,500.00”);
5. Additional violations of Section 212 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 13th day of September, 2011.

Maria L. D'Alessandro
Maria L. D'Alessandro, Deputy Director Securities,
Commercial Licensing and Racing & Athletics

By: Leonard Martin Pres.
Leonard Martin & Associates, Inc.

Its President

On this 9th day of SEPTEMBER, 2011, ^{PERSONALLY} appeared before me LEONARD,
MARTIN who executed the foregoing Consent Agreement and who duly acknowledged to me
that he was authorized to do so.

[Signature]
WITNESS