

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
1511 PONTIAC AVENUE
CRANSTON, RHODE ISLAND 02920**

IN THE MATTER OF:	:	
	:	
GREGG THOMAS RENNIE,	:	DBR No. 09-I-0015
	:	
RESPONDENT.	:	

DECISION

Hearing Officer: Neena Sinha Savage, Esq.

Hearing Held: February 9, 2009

Appearances:

For the Respondent: Gregg T. Rennie, *Pro se* (failed to appear).

For the Department: Elizabeth Kelleher Dwyer, Esq.

I. INTRODUCTION

This matter came on for hearing on February 9, 2009 in response to an Emergency Order Suspending Insurance Producer License, Providing Notice of Hearing and Appointment of Hearing Officer (the "Emergency Order") pursuant to § 5 of *Central Management Regulation 2 – Rules of Procedure for Administrative Hearings*. The Emergency Order was mailed to Gregg Thomas Rennie (the "Respondent") by certified mail, postage prepaid to his home and business addresses pursuant to the notice requirements of R.I. Gen. Laws §§ 42-35-9 and 42-35-14. Respondent failed to appear and show cause why his insurance producer license should not be revoked pursuant to R.I. Gen. Laws § 42-14-16 and R.I. Gen. Laws Title 27.

THEREFORE, pursuant to § 21 of CMR2 – *Rules of Procedure for Administrative Hearings*, the Hearing Officer hereby recommends the entry of a default judgment against Respondent for his failure to defend against this action and a revocation of his insurance producer license; detailed in the Findings of Fact and Conclusions of Law appearing below.

II. JURISDICTION

The Department has jurisdiction over this matter pursuant to R.I. Gen. Laws §§ 27-2.4-1, *et seq.*, 42-14-1, *et seq.*, and 42-35-1, *et seq.*

III. ISSUE

The issue presented in this matter is whether the Respondent's insurance producer license should be revoked pursuant to R.I. Gen. Laws § 42-14-16.

IV. FINDINGS OF FACT

1. All facts contained within the Emergency Order entered against Respondent on January 27, 2009 are incorporated herein.
2. Respondent is the holder of Rhode Island Nonresident Insurance Producer license number 1070847; which has been suspended since the entry of the Emergency Order on January 27, 2009.
3. Respondent's home state is Massachusetts, however his local place of business is located at One Turks Head Place, Suite 300, Providence, Rhode Island 02903.
4. In May 2008, Respondent became a co-managing partner of Harvest Financial Services' Providence, RI office; an entity engaged in the business of selling insurance and financial services.
5. On Friday, January 23, 2009 the Securities and Exchange Commission filed a lawsuit against Respondent in the United States District Court for the District of

Massachusetts, No. 09CV10107, to which Respondent has subsequently plead guilty.

6. Documentary evidence comprised of eight affidavits, Department's Exhibits 3 through 10, established that Respondent defrauded numerous clients through his securities investment business of an amount of approximately \$2 million; obtained by soliciting investment funds for placement within non existent investment vehicles, thereby allowing Respondent to appropriate the money for his own uses.
7. Paul Arnold, Respondent's co-managing partner of Harvest Financial Services, in his Declaration appearing as Department's Exhibit 7, stated that Respondent admitted to him on January 2, 2009 that he had misappropriated client funds in an amount of approximately "seven figures." This statement lead to Paul Arnold informing his superiors of Respondent's actions, and subsequently Respondent's resignation from Harvest Financial Services.
8. Respondent has been previously barred by this Department from association with a licensed broker-dealer and from association with an investment advisor in Rhode Island via a Final Order to Bar entered September 2, 2009; Order No. 09-208.
9. Respondent's Nonresident Insurance Producer License allows him to offer and sell insurance products to residents of the State of Rhode Island, imputing the public safety and welfare of the residents of Rhode Island.
10. The Emergency Order was served upon the Respondent by certified and regular mail to his last known business address.

11. Respondent failed to appear at the Hearing on February 9, 2009 after being duly notified thereof in accordance with R.I. Gen. Laws §§ 42-35-9 and 42-35-14.

V. **CONCLUSIONS OF LAW**

1. The Respondent is defaulted and his license revoked pursuant to § 21 *Central Management Regulation 2 – Rules of Procedure for Administrative Hearings*, which provides:

If any Party to a proceeding fails to answer a complaint, plead, appear at a prehearing conference or hearing or otherwise fails to prosecute or defend an action as provided by these Rules, the Hearing Officer may enter a default judgment against the defaulting Party, take such action based on the pleadings and/or other evidence submitted by the nondefaulting Party as the Hearing Officer deems appropriate in his/her sole discretion.

Respondent failed to appear at the Hearing on February 9, 2009 after being duly notified thereof in accordance with R.I. Gen. Laws §§ 42-35-9 and 42-35-14.

2. R.I. Gen. Laws § 27-2.4-14(a)(8) provides that the insurance commissioner may revoke an insurance producer's license for "using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in this state or in another place."
3. The evidence indicates that Respondent, while acting as an investment advisor in Massachusetts knowingly and deliberately acted to defraud numerous clients of approximately \$2 million, as detailed in the Department's Exhibit 2, the *Plaintiff Securities and Exchange Commission's Memorandum of Law in Support of its Motion for a Temporary Restraining Order* filed in support of its litigation in the United States District Court for the District of Massachusetts. The evidence contained within Exhibit 2 was culled largely from eight affidavits taken from

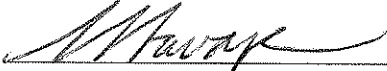
financial victims and associates of Respondent, with each affidavit appearing individually in this matter as Department's Exhibits 3 through 10.

4. Given Respondent's entry of a guilty plea in the Securities and Exchange Commission instituted action based upon the evidence herein also available to the Hearing Officer, and in light of Respondent's failure to appear for hearing and defend this action; Respondent has failed to show any cause why his producer license should not be revoked pursuant to R.I. Gen. Laws § 42-14-16.
5. The Department has provided sufficient evidence to warrant this license revocation pursuant to violations of R.I. Gen. Laws § 27-2.4-14(a)(8) and in accordance with R.I. Gen. Laws §§ 42-14-16 and 42-35-14.

VI. RECOMMENDATION

Based on the evidence presented, the undersigned Hearing Officer respectfully recommends that the Director: issue an Order to revoke Respondent's insurance producer license; and require the Department to mail a copy of this Decision and Order to all states in which Respondent is known to be licensed based upon Respondent's demonstrated untrustworthiness and financial irresponsibility.

Dated: Sept. 7, 2010



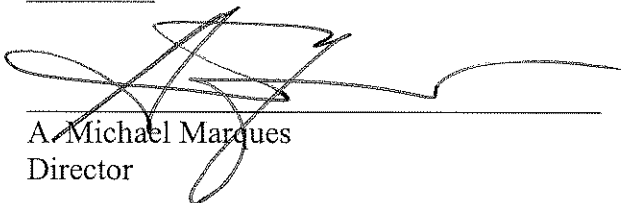
Neena Sinha Savage, Esq.
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Order in this matter, and I hereby take the following action:

ADOPT
 REJECT
 MODIFY

Dated: 09-07-2010


A. Michael Marques
Director

NOTICE OF APPELLATE RIGHTS

THIS DECISION CONSTITUTES A FINAL DECISION OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO RHODE ISLAND GENERAL LAWS TITLE 42, CHAPTER 35. AS SUCH, THIS DECISION MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MAY BE COMPLETED BY FILING A PETITION FOR REVIEW IN SAID COURT.

CERTIFICATION

I hereby certify that on the 8th day of September, 2010, a copy of the within Decision was sent by first class mail, postage prepaid to the following:

Gregg Thomas Rennie
44 Winslow Road
Quincy, MA 02171

Gregg Thomas Rennie
One Turks Head Place
Suite 300
Providence, RI 02903

Gregg Thomas Rennie
15 Cottage Avenue
Apt. 301
Quincy, MA 02169

And by hand-delivery to:

Elizabeth Kelleher Dwyer, Esq.
Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue, Bldgs. 68 and 69
Cranston, RI 02920

AB Ellison