
*
IN THE MATTER OF: *
*
ANDREW SEAFUS PROPHET *
CRD No. 4016402 *
*
PROPHET FINANCIAL *
PLANNING, LLC *
*
(Collectively, "Respondents") *
*

CONSENT ORDER
NO. CO-19-8437-S

I. PRELIMINARY STATEMENT

WHEREAS, the Banking Commissioner ("Commissioner") is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act ("Act"), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies ("Regulations") promulgated under the Act;

WHEREAS, Andrew Seafus Prophet ("Prophet") is an individual whose reported address last known to the Commissioner is 45 Queens Street, Stratford, Connecticut 06610. Prophet was registered as a broker-dealer agent under the Act with various broker-dealers between July 7, 2000 and June 1, 2009. Prophet was also registered as an investment adviser agent under the Act with various investment advisers between December 4, 2002 and June 1, 2009;

WHEREAS, on April 22, 2009, FINRA accepted a Letter of Acceptance, Waiver and Consent (No. 2008012620201) ("AWC") from Prophet. Prophet executed the AWC on March 25, 2009. The AWC barred Prophet from association with any FINRA member firm in any capacity;

WHEREAS, Prophet Financial Planning, LLC (“Prophet Financial”) is a Connecticut limited liability company formed on June 4, 2008, and located at 3324 Main Street, 2nd Floor, Bridgeport, Connecticut, 06606. Prophet is the managing member of Prophet Financial;

WHEREAS, Prophet is currently licensed as an insurance producer, license number 1079118, by the State of Connecticut Insurance Department;

WHEREAS, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”), conducted an investigation pursuant to Section 36b-26(a) of the Act into the activities of Respondents to determine if they had violated, were violating or were about to violate provisions of the Act or Regulations (“Investigation”);

WHEREAS, as a result of the Investigation, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act, and that such violations would support administrative proceedings against Respondents under Section 36b-27 of the Act;

WHEREAS, as a result of such Investigation, the Division alleges that at various times from at least 2014 to the present, Prophet, individually and on behalf of Profit Financial, offered and sold securities in the form of promissory notes (“Prophet Notes”) in Connecticut to investors. The Prophet Notes were not registered in Connecticut under Section 36b-16 of the Act, nor were they exempt from registration under Section 36b-21 of the Act, nor were they the subject of a filed exemption claim or claim of covered security status;

WHEREAS, the Commissioner has reason to believe that the foregoing conduct would support the initiation of administrative proceedings seeking the entry of a cease and desist order against Respondents under Section 36b-27(a) of the Act, an order of restitution against Respondents under Section 36b-27(b) of the Act, and the imposition of a fine upon Respondents under Section 36b-27(d) of the Act;

WHEREAS, Section 36b-31(a) of the Act provides, in relevant part, that “[t]he commissioner may from time to time make . . . such . . . orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Section 36b-31(b) of the Act provides, in relevant part, that “[n]o . . . order may be made . . . unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, an administrative proceeding initiated under Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, and prior to the initiation of any formal proceeding, the Commissioner and Respondents reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Prophet has provided to the Division evidence that he has offered rescission of approximately \$374,000 to all the Connecticut Prophet Note investors whose Prophet Notes were still outstanding because they had not yet matured and been paid off and that only one investor accepted that offer;

WHEREAS, Prophet has provided documentation to the Division evidencing that as of the date this Consent Order is entered, he has remitted, under the oversight of his legal counsel, (i) the sum of \$141,250 in good funds to investors for the purpose of repaying Prophet Notes that have matured, and (ii) the sum of \$28,500 in good funds for the purpose of repaying the balance owed by Respondents to the one investor that accepted the offer of rescission;

WHEREAS, Respondents expressly consent to the Commissioner’s jurisdiction under the Act and to the terms of this Consent Order;

WHEREAS, Respondents, through their execution of this Consent Order, specifically represent and agree that none of the violations alleged in this Consent Order shall occur in the future;

AND WHEREAS, the Commissioner finds that the entry of this Consent Order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Respondents, through their execution of this Consent Order, voluntarily waive the following rights:

1. To be afforded notice and an opportunity for a hearing within the meaning of Section 36b-27 of the Act and Section 4-177(a) of the General Statutes of Connecticut;
2. To present evidence and argument and to otherwise avail themselves of Section 36b-27 of the Act and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present their position in a hearing in which they are represented by counsel;
4. To have a written record of the hearing made and a written decision issued by a hearing officer; and
5. To seek judicial review of, or otherwise challenge or contest, the matters described herein, including the validity of this Consent Order.

III. ACKNOWLEDGEMENT OF THE COMMISSIONER'S ALLEGATIONS

WHEREAS, Respondents, through their execution of this Consent Order, acknowledge the following allegation of the Commissioner, without admitting or denying it, yet admit that, if the allegation is proven, the Commissioner could find facts to support the issuance of an order to cease and desist, an order to make restitution, and/or an order imposing a maximum administrative fine of One Hundred Thousand Dollars (\$100,000) per violation of the Act or any regulation, rule or order adopted or issued under the Act:

Respondents violated Section 36b-16 of the Act through the offer and sale of securities in or from Connecticut to at least one investor, which securities were not registered in Connecticut under the Act, nor were they the subject of an exemption claim or claim of covered security status;

WHEREAS, the Commissioner would have the authority to enter findings of fact and conclusions of law after granting Respondents an opportunity for a hearing;

AND WHEREAS, Respondents acknowledge the possible consequences of an administrative hearing and voluntarily agree to consent to the entry of the sanctions described below.

IV. CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Respondents, through their execution of this Consent Order, consent to the Commissioner's entry of an order imposing on them the following sanctions:

1. Prophet, either directly or through any person, organization, entity or other device, shall cease and desist from directly or indirectly violating any provision of the Act or any regulation, rule or order adopted or issued under the Act, including, without limitation, Section 36b-16 of the Act;
2. Prophet Financial its affiliates and successors in interest shall cease and desist from directly or indirectly violating any provision of the Act or any regulation, rule or order adopted or issued under the Act, including, without limitation, Section 36b-16 of the Act;
3. No later than the date this Consent Order is entered by the Commissioner, Prophet shall remit to the Department, by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of ten thousand dollars as an administrative fine; and
4. Commencing on the date this Consent Order is executed by the Commissioner and continuing for five (5) years thereafter, prior to any issuance, offer or sale of securities in or from Connecticut by Respondents and/or their affiliates and successors in interest, Respondents shall: (a) retain legal counsel experienced in Connecticut securities law and not unacceptable to the Division Director to advise each of them on compliance with the securities laws of Connecticut and other jurisdictions ("Retained Counsel"); (b) direct Retained Counsel to prepare and submit any required registration or other required documents and fees to the Division, and provide the Division Director with a signed opinion of Retained Counsel setting forth the basis for any claim of exemption or covered security status under Section 36b-21 of the Act at least thirty (30) days prior to the commencement of the offering; and (c) refrain from issuing, offering or selling securities in or from Connecticut prior to receiving a written acknowledgement from Retained Counsel that the Commissioner has declared any such registration effective or acknowledged receipt of Respondent's claim of exemption.

V. CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Respondents based upon a violation of this Consent Order or the matters underlying its entry if the Commissioner determines that compliance with the terms herein is not being observed;

3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Respondents based upon: (i) evidence of which the Division was unaware on the date hereof relating to a violation of the Act or any regulation or order under the Act; or (ii) evidence indicating that Respondents withheld material information from, or made any material misstatement or omission to, the Commissioner in connection with this matter;
4. Respondents shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, that the Commissioner had a basis to pursue the allegations set forth in Section III of this Consent Order or create the impression that this Consent Order is without factual basis;
5. Respondents shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. However, nothing in this Consent Order affects Respondents' (i) testimonial obligations; or (ii) right to take any legal or factual position in litigation, arbitration, or other legal proceedings in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 11th day of September 2019.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, Andrew Seafus Prophet, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that I consent to the entry of this Consent Order.

_____/s/_____
Andrew Seafus Prophet

State of: Connecticut

County of: Fairfield

On this the 22nd day of August 2019, before me, the undersigned officer, personally appeared Andrew Seafus Prophet, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public
Date Commission Expires: October 31, 2023

CONSENT TO ENTRY OF ORDER

I, Andrew Seafus Prophet, state on behalf of Prophet Financial Planning, LLC (“Prophet Financial”), that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Prophet Financial; that Prophet Financial agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that Prophet Financial consents to the entry of this Consent Order.

Prophet Financial Planning, LLC

By: _____/s/_____
Andrew Seafus Prophet
Managing Member

State of: Connecticut

County of: Fairfield

On this the 22nd day of August 2019, before me, the undersigned officer, personally appeared Andrew Seafus Prophet who acknowledged himself to be the Managing Member of Prophet Financial Planning, LLC, a limited liability company, and that he, as such Managing Member, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Managing Member.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public
Date Commission Expires: 12-31-2021