

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO

In the Matter of:

SEAQUEST HOLDINGS LLC, an Idaho
limited liability company, and

VINCENZO (VINCE) COVINO,
Respondents.

Docket No. 2017-7-05

AGREEMENT AND ORDER

The Director of the Department of Finance (“Director”) has instituted an investigation into the conduct of Respondents SeaQuest Holdings LLC (“SeaQuest”) and Vince Covino (“Covino”) (collectively “Respondents”). Pursuant to the investigation it appears to the Director that violations of the Idaho Uniform Securities Act (2004), Idaho Code 30-14-101 *et seq.* (the “Act”) have occurred. The Director and Respondents have agreed to resolve this matter without a public hearing or other adjudication. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondents admit the jurisdiction of the Idaho Department of Finance (the “Department”); admit the Findings contained in this Agreement and Order; and agree to the entry of this Agreement and Order.

I. RESPONDENTS

1. SeaQuest is an Idaho limited liability company organized by Covino on November 23, 2015, to hold ownership interests in affiliated companies in the interactive marine-aquarium business. SeaQuest’s principle place of business address is Covino’s residence.

2. Covino has been at all relevant times a resident of Idaho. Covino has had extensive experience in the securities industry as broker-dealer agent and investment advisor

representative. Covino was registered in Idaho as a broker-dealer agent from January of 1998 until December 31, 2011 when his registration was voluntarily terminated.

II. BACKGROUND

3. On February 9, 2012, the Financial Industry Regulatory Authority (FINRA) executed a Letter of Acceptance, Waiver and Consent with Covino in which he consented to a \$5,000 fine and a 30 day suspension from association with any FINRA member firm for borrowing money from a client to purchase a home in violation of NASD Rules 2370 and 2110 (both rules have been superseded by new FINRA rules). Rule 2110 required members to observe high standards of commercial honor and just and equitable principals of trade in the conduct of business. Covino did not register or associate as a broker-dealer agent with another firm after the term of the suspension ended.

4. In November of 2016, Respondents offered and sold thirty five (35) SeaQuest membership interests to an investor for \$700,000 (\$20,000 per interest). Respondents offered and sold an additional twenty (20) SeaQuest membership interests to a different investor for \$250,000 (\$12,500 per interest) in December, 2016.

5. Both investors certified in writing that they were “accredited investors” as defined in federal Rule 501 of Regulation D (17 C.F.R. § 230.501). Respondents did not provide a private placement memorandum or other written risk disclosure document to investors, but did give investors a presentation about the investment. The investor presentation included the following information about Covino, “*Vince Covino is a business owner with over 100 employees in four states who understands the recipe for long term success. Having been an investment advisor with a portfolio of over \$165MM, Vince has been consulting and working with entrepreneurs for two decades. Bringing his financial expertise and operational leadership, the first three years of operations in aquariums has brought about over \$3mm in profit and return to*

investors. Vince did his undergraduate work at Boise State University and his [sic] written books and taught at Institutes of Religion and in continuing education for the financial community."

6. Despite distributing information about Covino's success as an investment advisor, Respondents failed to disclose Covino's disciplinary history described in paragraph 3 above.

7. On December 5, 2016, Respondents filed a Form D with the Department pursuant to a registration exemption under federal Rule 506(b) (17 C.F.R. § 230.506(b)). Respondents disclosed in Form D that they paid J.A., an individual, a \$35,000 finder's fee in connection with the offering. J. A. was not registered in Idaho as an agent, as defined in I.C. § 30-14-102(2), of SeaQuest or a broker-dealer.

8. Respondents paid J.A. the finder's fee for introducing one of the investors to SeaQuest. Respondents and J.A. did not have a written agency agreement.

9. J. A. voluntarily returned the \$35,000 to SeaQuest on March 3, 2017.

III. FINDINGS

10. The Director has jurisdiction over this matter pursuant to the Act.

11. SeaQuest membership interests are securities as defined in I.C. § 30-14-102(28).

12. Information about Covino's FINRA suspension was a material fact that was necessary to disclose to prospective investors in light of the Respondents' investor presentation, which touted Covino's success as an investment advisor.

13. Respondents violated I.C. § 30-14-501(2) by, in connection with the offer and sale of SeaQuest membership interests, omitting to disclose Covino's FINRA suspension to investors in light of the Respondents' investor presentation, which touted Covino's success as an investment advisor.

14. J. A. was an agent of SeaQuest as defined in I.C. § 30-14-102(2) and transacted business in Idaho on behalf of Respondents in connection with the offer and sale of SeaQuest membership interests.

15. J. A. was not registered in Idaho as an agent as required in I.C. § 30-14-402(a) or exempt from agent registration as permitted in I.C. § 30-14-402(b) at the time he was compensated in connection with the offer and sale of SeaQuest membership interests.

16. Respondents violated I.C. § 30-14-402(d) by associating with and compensating J. A. in connection with the offering and selling of SeaQuest membership interests when J. A. was not registered as an agent or exempt from agent registration.

IV. REMEDIES

17. Respondents agree to permanently cease and desist from violating the Act and agree to comply with all the provisions of the Act and the Rules promulgated thereunder in the future.

18. Respondents agree to pay an administrative penalty of \$5,000. Payment of the penalty is due no later than 30 days from the date of this Agreement and Order. Respondents are jointly and severally liable for the penalty. Payment shall be made payable to the “Idaho Department of Finance.”

19. Respondents acknowledge that if they fail comply with this Agreement and Order, the Department may institute further proceedings against them.

20. Respondents represent that all information provided to the Department in connection with the investigation relating to this Agreement and Order is accurate and complete.

21. Respondents waive notice and opportunity for a hearing under Section 30-14-604(b) and (c) of the Act, and under the contested case provisions of the Idaho Administrative Procedures Act, I.C. § 67-5240 et. seq.

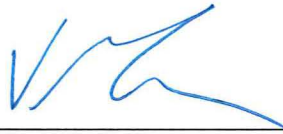
22. The Department does not intend that this Agreement and Order provide a basis for disqualification pursuant to Rule 506(d) of Regulation D (17 C.F.R. § 230.506(d)).

AGREED TO and ACKNOWLEDGED this 14 day of March, 2017



SEAQUEST HOLDINGS LLC

By: Vince Covino



VINCE COVINO

IT IS SO ORDERED

DATED this 17th Day of March, 2017

STATE OF IDAHO
DEPARTMENT OF FINANCE



MARY E. HUGHES, Acting Director
Idaho Department of Finance

