

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

STATE OF IDAHO, Department of Finance,  
Securities Bureau,

Complainant,

vs.

GARDEN STATE SECURITIES, INC.

Respondent.

Docket No. 2016-7-07

AGREEMENT AND ORDER

The Director of the Department of Finance has instituted an investigation into the business activities of Garden State Securities, Inc. Pursuant to said investigation, it appears to the Director that violations of the Idaho Uniform Securities Act 2004 (Act), Idaho Code §30-14-101 *et seq.*, have occurred. The Director and the named Respondent have agreed to resolve this matter without a public hearing or other adjudication of this matter. Therefore, the Director deems it appropriate and in the public interest to enter into this Agreement and Order (Order). Respondent consents to the entry of this Order.

**RESPONDENT**

1. Respondent Garden State Securities, Inc. (GSS) (CRD# 10083) is a New Jersey corporation with its home office located in Red Bank, NJ. GSS was formed on March 1, 1980 and is currently a licensed broker/dealer in 48 States; they have been licensed as a broker/dealer in Idaho since January 7, 2005. GSS has been the subject of 26 regulatory actions since February of 2000, six of these actions involved the failure to supervise the actions of its representatives. GSS is affiliated with Garden State Investment Advisory Services, LLC (GSIA) (IARD# 133088) an SEC regulated investment advisor.

## **BACKGROUND**

2. GSS hired Terry Lee Brodt, Jr. (Brodt) as an Idaho registered broker-dealer agent and an Idaho registered investment advisor representative in August 2010. Brodt continues to work in both capacities for GSS.

3. While employed by GSS, Brodt executed trades without authorization or without first obtaining written discretionary trading authority from at least three of his customers.

4. While employed by GSS, Brodt was the subject of four complaints from Idaho customers.

5. While employed at GSS, Brodt was subject to supervision by a Chief Supervisory Officer and a Designated Supervising Principal as prescribed in Chapter 2 of the Firm's Written Supervisory Procedures. During the period GSS failed to adequately supervise and investigate the alleged unauthorized activity engaged in by Brodt.

## **FINDINGS**

### **Supervision –Unauthorized Transactions**

6. *IDAPA 12.01.08.105.01* (Rule 105.01) states that every broker-dealer and designated supervisor shall exercise diligent supervision over the securities activities of all of his agents and employees.

7. GSS failed to provide adequate oversight of Brodt's trading activities in order to discover apparent unauthorized trades in customer accounts as required by *IDAPA 12.01.08.105.01* (Rule 105.01).

## **AGREEMENT, ACKNOWLEDGEMENT AND REMEDIES**

8. Respondent neither admits nor denies the findings of violations as stated herein.

9. Respondent represents that the information provided to Complainant in its investigation of this matter is accurate and complete.

10. Respondent agrees to pay a penalty of \$10,000.00 to the Idaho Department of Finance within 30 days of the signing of this Order.

11. Respondent agrees to comply with all provisions of the Idaho Uniform Securities Act in the future and agrees to comply with state and federal supervisory requirements as it relates to Idaho registrants. In the event the Respondent commits future violations of the Idaho Uniform Securities Act or fails to adhere to the terms of this Order, Respondent acknowledges that the Complainant can incorporate the allegations giving rise to this Order in any future proceeding.

AGREED TO and ACKNOWLEDGED this 22<sup>nd</sup> day of December 2017.

GARDEN STATE SECURITIES, INC.

By: *Louis Lucky Perrotto, Jr.*

Louis Lucky Perrotto, Jr.  
Chief Executive Officer

**IT IS SO ORDERED.**

IDAHO DEPARTMENT OF FINANCE

By: *Gavin M. Gee*

Gavin M. Gee  
Director of Finance

