

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333

IN RE:

Downeast Capital, Inc. and Paul Newman

CONSENT ORDER
02-078-COR

1. At all relevant times, it has been unlawful in Maine for a person to act as a broker-dealer or sales representative unless licensed or exempt from licensing under the Revised Maine Securities Act, 32 M.R.S.A. §§ 10101-10710 ("the Act").
2. In response to inquiries from the Maine Office of Securities, Downeast Capital, Inc. and its principal, Paul Newman (collectively, "respondents"), identified twenty-eight (28) securities transactions that they had effected between 1994 and 2002. Each of those transactions involved the sale of a mortgage wherein respondents would locate a note and a buyer and then arrange for the owner to sell the note to that buyer. Respondents obtained a total of approximately \$84,900 in commissions on these sales.
3. It is the position of the Maine Office of Securities that respondents have acted as a broker-dealer and sales representative in Maine without being licensed or exempt from licensing under the Act.
4. Respondents state that they were unaware that their activities relating to the sale of mortgages constituted securities transactions, and that any violation of the Revised Maine Securities Act was unintentional.
5. The parties desire an expeditious resolution of this matter.
6. Without trial or adjudication of any issue of fact or law, and without admitting or denying that their conduct violated the Revised Maine Securities Act, respondents waive their right to a hearing and consent to the entry of this order.

ORDER

NOW, THEREFORE, it is ORDERED that:

1. Respondents shall cease and desist from any violations of the Revised Maine Securities Act and shall comply with all licensing and other legal requirements governing persons acting as broker-dealers or sales representatives in Maine at all times from the execution of this order; and
2. In lieu of the Maine Office of Securities seeking the imposition of a penalty for the allegations contained herein, respondents shall pay the sum of three thousand dollars (\$3,000.00) to the Maine Office of Securities within two weeks of the execution of this order.

Respondent Downeast Capital, Inc. hereby waives its right to a hearing and consents to entry of the order set forth above.

Date: November 12, 2002

Downeast Capital, Inc.

By: /s/ Paul Newman

Name: Paul Newman
(print)

Position: President

Respondent Paul Newman hereby waives his right to a hearing and consents to entry of the order set forth above.

Date: November 12, 2002

/s/ Paul Newman
Paul Newman

Date: November 15, 2002

/s/ Christine A. Bruenn
Christine A. Bruenn
Securities Administrator

Approved by:

Date: November 15, 2002

/s/ Bonnie E. Russell
Bonnie E. Russell
Supervisor of Enforcement

Presented by:

Date: November 15, 2002

/s/ Michael W. Atleson
Michael W. Atleson
Staff Attorney
(licensed in NY and MA, pending in ME)