

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

IN RE:

GARY L. HOBBS

ORDER REVOKING A SALES  
REPRESENTATIVE LICENSE AND  
BARRING HIM FROM ASSOCIATION  
AND IMPOSING A CIVIL PENALTY

04-014

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Pursuant to 32 M.R.S.A. §§ 10602 and 10708, the Securities Administrator finds and orders as follows:

1. Gary L. Hobbs ("Hobbs") (CRD # 1200083) is an individual who has been licensed in Maine as a sales representative since at least 1991. His last known address is 88 Shepley Street, Auburn, Maine 04210.
2. From July 1991 to May 2002, Hobbs worked as a sales representative for Livada Securities, Inc. ("Livada"), which changed its name to Bangor Securities, Inc. ("Bangor Securities") in or around 2002.
3. Richard Boulet ("Boulet") was a client of Hobbs at Livada and Bangor Securities. Hobbs serviced Boulet's accounts and effected purchases and sales of securities in the accounts.
4. In the late 1990s, Hobbs solicited several cash loans from Boulet totaling approximately \$46,000. On or about March 8, 2001, Hobbs and Boulet signed a handwritten agreement on Livada stationery which memorialized the amount that Hobbs owed to Boulet and set out an interest rate and payment schedule. To date, most of the loans remain unpaid.
5. Hobbs has also solicited loans from one or more other clients while at Livada and Bangor Securities.
6. By letters dated August 29 and October 24, 2003, the Office of Securities sought a written statement from Hobbs responding to Boulet's allegations. By a subpoena dated October 24, 2003, the Office of Securities sought documents from Hobbs relating to those allegations. On or about December 16, 2003, the Office of Securities received a

letter from Hobbs' attorney stating that Hobbs would not provide the requested statement or documents based on "his privilege against self-incrimination."

7. Hobbs engaged in unlawful, unethical or dishonest conduct or practice in the securities business under 32 M.R.S.A. § 10313(1)(G) by soliciting and accepting loans from Boulet and other clients.
8. Pursuant to 32 M.R.S.A. § 10313(1)(G), the Securities Administrator may, after notice and opportunity for hearing, issue an order revoking any license and barring a licensee from any association with an issuer, licensed broker-dealer, or investment adviser, if she finds that the order is in the public interest and that the licensee has engaged in any unlawful, unethical or dishonest conduct or practice in the securities business.
9. Pursuant to 32 M.R.S.A. §10602(1)(E) and 10 M.R.S.A. § 8003(5), the Administrator may, after notice and opportunity for hearing, by order, impose a civil penalty that may not exceed \$1,500 for a single violation, if the Administrator reasonably believes that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Revised Maine Securities Act ("the Act") or any applicable rule or condition of licensure.
10. Each loan that Hobbs solicited from his clients may constitute a separate violation for purposes of determining the total civil penalty to be imposed on Hobbs. He has solicited at least two loans from Boulet constituting at least two violations of a statutory condition of licensure.
11. On January 27, 2004, the Securities Administrator issued a Notice of Intent to Revoke a Sales Representative License and Bar Him from Association and Impose a Civil Penalty ("Notice") against Hobbs, giving him thirty (30) days to request a hearing on the matter. Hobbs did not request a hearing or otherwise respond to the Notice.
12. Sanctions against Hobbs under 32 M.R.S.A. § 10313(1)(G) are in the public interest.

#### FINAL ORDER

NOW, THEREFORE, it is ORDERED that:

1. Hobbs' sales representative license is revoked;
2. Hobbs is barred from any association with an issuer, licensed broker-dealer, or investment adviser; and
3. Hobbs shall pay a civil penalty of \$3,000.

Pursuant to 32 M.R.S.A. § 10708, this is a final order, entered after notice and opportunity for hearing. Pursuant to 32 M.R.S.A. § 10709, a party may obtain judicial review of the order in Kennebec County Superior Court by filing a petition within thirty (30) calendar days after receipt of the order, in accordance with 5 M.R.S.A. § 11001 et seq. and Rule 80C of the Maine Rules of Civil Procedure.

Date: May 17, 2004

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

Reviewed by:

Date: May 17, 2004

s/Bonnie E. Russell  
Bonnie E. Russell  
Assistant Securities Administrator

Presented by:

Date: May 17, 2004

s/Michael W. Atleson  
Michael W. Atleson  
Staff Attorney