

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

IN RE:

Larry Robert Balliet

CONSENT ORDER  
04-098-CON

1. At all relevant times, it has been unlawful for any person to act in this State as an investment adviser unless licensed or exempt from licensing under section 10303 of the Revised Maine Securities Act, 32 M.R.S.A. §§ 10101-10710 ("the Act"). This section and other provisions of the Act are superseded by similar provisions in the Maine Uniform Securities Act for conduct occurring on or after December 31, 2005.
2. At all relevant times, it has been unlawful under section 10203 of the Act for any investment adviser to employ, directly or indirectly, any device, scheme or artifice to defraud any client or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any client.
3. Larry Robert Balliet ("Balliet") is an individual who has been at all relevant times a Maine resident and whose current address is 3 Spruce Point Road, Unit 3, South Thomaston, Maine 04858.
4. Balliet was licensed in Maine as an investment adviser from August 6, 1997 through December 31, 1998. Balliet did not seek to renew his license thereafter.
5. Between 1998 and 2003, Balliet served as the investment adviser for eight clients with respect to their accounts at Rydex Investments ("Rydex"), a Maryland-based company that offers and sells its own mutual funds. Balliet set up these accounts for his clients and, in doing so, indicated to Rydex that he was authorized to act as their investment adviser and withdraw advisory fees from their accounts.
6. In 1999 and 2000, Balliet withdrew \$14,782 in advisory fees from seven of the eight Rydex accounts, including \$6,002.20 in advisory fees from one of those seven accounts, held by a resident of Portland, Maine ("the Portland resident").
7. On or about October 1, 1999, Balliet sent a letter to the Portland resident, addressing the Portland resident as "Dear Client" and setting out Balliet's perspective and opinion on the Rydex investments. The letterhead indicates that Balliet is a "registered investment adviser."

8. In or about December of 2002, Balliet discussed with the Portland resident an investment in Aptus Technology Corporation (“Aptus”), a Massachusetts start-up company. As a result, the Portland resident invested \$19,000 in Aptus on or about December 16, 2002, by purchasing a note from Aptus. The note provided for Aptus to pay the Portland resident \$19,000 plus interest on April 17, 2003. To date, Aptus has failed to make any payments to the Portland resident on the note.
9. At all relevant times, the Aptus note was not registered as a security with the Maine Office of Securities (the “Office”).
10. Balliet did not adequately disclose to the Portland resident the high risk involved in investing in a start up company like Aptus or that the note was not registered as a security in Maine.
11. It is the Office’s position that Balliet’s conduct with respect to the Rydex accounts violated sections 10303 and 10203 of the Act. Specifically, it is the Office’s position that Balliet violated section 10303 of the Act by providing investment advice for compensation at times when he was not licensed in Maine as an investment adviser. It is also the Office’s position that he violated section 10203 of the Act both by misrepresenting to Rydex that he was an investment adviser authorized to withdraw advisory fees from client accounts and by misrepresenting to at least one client that he was a registered investment adviser.
12. It is the Office’s position that the offer and sale of the Aptus note to the Portland resident violated section 10401 of the Act, which prohibits the offer or sale of securities that are neither registered nor exempt from registration in Maine. It is also the Office’s position that the failure to disclose the high risks in the investment violated section 10201 of the Act, which prohibits a person, in connection with the offer, sale, or purchase of any security, from making, directly or indirectly, any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.
13. To the extent that Balliet was acting as Aptus’ sales representative in connection with the sale of the note, he is liable for the violations of the Act listed above and is also liable under section 10301 of the Act for having transacted business in Maine as a sales representative without being licensed or exempt from licensing under that section. Balliet has represented, however, that he did not receive compensation in connection with the Aptus transaction and that he had no expectation or agreement with respect to such compensation.
14. Balliet admits that he violated section 10303 of the Act by providing investment advice for compensation at times when he was not licensed in Maine as an investment adviser. He neither admits nor denies that he engaged in conduct that otherwise violated the Act.
15. The Office and Balliet desire an expeditious resolution of this matter.

16. The Office has agreed to the terms of this order based in part upon information provided by Balliet regarding his conduct and financial condition. If this information is later determined to have been materially inaccurate, the Securities Administrator may, in his sole and unreviewable discretion, declare this Consent Order to be null and void.
17. The Office has agreed to the terms of this Consent Order based in part on certain proof that Balliet has represented he will provide to the Office with respect to the other Rydex investors. If Balliet does not provide this proof to the Office of Securities within 90 days of the execution of this Consent Order, the Securities Administrator may, in his sole and unreviewable discretion, declare this Consent Order to be null and void.
18. The Office agrees not to take further action against Balliet based solely on the allegations contained in this Consent Order, provided, however, that the Office is not precluded from taking action based on other allegations, or from taking this Consent Order and its underlying allegations into account in determining the proper resolution of such other allegations.
19. Without trial or adjudication of any issue of fact or law, Balliet waives his right to a hearing and to judicial review and consents to the entry of this order.

NOW, THEREFORE, it is ORDERED as follows:

1. Balliet shall permanently CEASE AND DESIST from violating any provisions of the Maine Uniform Securities Act, including the prohibitions against acting as an unlicensed investment adviser or sales representative and offering or selling unregistered securities, and also including the antifraud provisions of sections 16501 and 16502 of the Act;
2. Balliet shall pay \$10,000 in restitution to the Portland resident, with \$4,000 to be paid no later than the date this order is executed, and \$6,000 to be paid in 36 monthly installments, the first payment being due by March 1, 2006, and each subsequent payment being due by the first day of each subsequent month, and all payments to be made via checks made payable to "Treasurer, State of Maine" and delivered by the due date to the Office of Securities, which shall distribute the funds to the Portland resident; and
3. If Balliet fails to make any restitution payment as set forth above, all remaining restitution shall become immediately due and owing.

Balliet hereby waives his right to a hearing and to judicial review and consents to entry of the order set forth above.

Date: February 18, 2006

s/Larry Robert Balliet  
Larry Robert Balliet

Ordered by:

Date: February 21, 2006

s/Michael J. Colleran  
Michael J. Colleran  
Securities Administrator

Reviewed by:

Date: February 21, 2006

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

Presented by:

Date: February 21, 2006

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