

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



NOTICE OF INTENT TO REVOKE A  
SALES REPRESENTATIVE LICENSE  
AND BAR HIM FROM ASSOCIATION

No. 03-037

ALLEGATIONS

1. Charles S. Clark ("Clark") (CRD # 861962) is an individual who has been licensed in Maine as a sales representative since at least 1985. Clark's last known business address is 2385 Congress Street, Portland, Maine 04102.
2. From November 14, 1988 until November 5, 2003, Clark worked as a sales representative for Bangor Securities, Inc., or its predecessor, Livada Securities, Inc.
3. Clark is also the president of Clark & Stuart, Inc. ("C&S"), a Maine corporation with its principal place of business in Portland, Maine. At all times relevant hereto, C&S was registered as an investment adviser with the United States Securities and Exchange Commission and had filed the proper notice under 32 M.R.S.A. § 10305-A to transact business as an investment adviser in Maine.
4. At all times relevant hereto, Clark has also acted as an investment adviser representative ("IAR") of C&S. Pursuant to legislative changes that took effect in January 2002, a person may not act in Maine as an IAR unless licensed to do so under 32 M.R.S.A. § 10303(1). The Office of Securities also amended Chapter 515, the Investment Adviser Rule, requiring all such IARs to submit initial license applications by September 30, 2002. Despite the Office of Securities having sent two notices of the new IAR licensing requirement to him, Mr. Clark never applied for an IAR license in Maine.
5. C&S served as the investment adviser for two Maine residents, Joan and Leonard Alley, from the summer of 1998 until early 2001. In providing investment adviser services to the Alleys, C&S acted exclusively through Clark.
6. On or about February 11, 2000, Clark visited the Alleys' home in Scarborough to provide investment adviser services. During the course of this visit, Joan Alley disclosed to Clark that she had a large sum of cash that she had been saving at the house.

7. Clark advised the Alleys that they should invest the money, which totaled approximately \$10,000, and represented that he would put it in a money market account earning 6% interest. Clark further advised the Alleys that, for safety purposes, they should turn the money over to him by the end of the day. After Clark left, the Alleys discussed the matter and decided to follow Clark's advice.
8. During subsequent phone conversations, Clark arranged for the Alleys to bring the money to C&S's Portland office after business hours that evening. At Clark's instruction, the Alleys used the back entrance of the building when they arrived at C&S's office.
9. The Alleys met with Clark, who appeared to be the only other person at the C&S office. Pursuant to their earlier discussion at the Alleys' home, the Alleys turned \$10,000 in cash over to Clark. When Joan Alley asked Clark for a receipt, Clark responded that he could not give her one because everything in the office was locked up. Because the Alleys trusted Clark, they left the \$10,000 in his possession without receiving a receipt.
10. When the \$10,000 investment did not appear on the Alley's monthly account statements, Joan Alley questioned Clark about the status of the investment. Clark responded that investments sometimes take a long time to appear on statements, and that the Alleys' \$10,000 investment would eventually appear on their statement. When the \$10,000 investment still was not reflected on the Alleys' June 2000 statement, the Alleys again questioned Clark. Much to their surprise, Clark denied having received the \$10,000 from the Alleys.
11. To date, the \$10,000 turned over by the Alleys to Clark in February 2000 has not been invested for them as Clark had promised. Despite demand, Clark has refused to return the \$10,000 to the Alleys.
12. By his misrepresentation to the Alleys and his conversion of their funds, Clark engaged in unlawful, unethical or dishonest conduct or practice in the securities business under 32 M.R.S.A. § 10313(1)(G).
13. By acting as an unlicensed IAR since September 2002, Clark violated 32 M.R.S.A. § 10303(1) and also thereby engaged in unlawful conduct in the securities business under 32 M.R.S.A. § 10313(1)(G).
14. 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.
15. Pursuant to 32 M.R.S.A. § 10602(1)(C), the Securities Administrator may, after notice and opportunity for hearing, issue an order barring a person from association with any issuer, broker-dealer or investment adviser in this State, if she reasonably believes that

the person has engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of, or any rule or order under, the Revised Maine Securities Act.

NOTICE

Pursuant to 32 M.R.S.A. § 10708(6), notice is hereby given that the Securities Administrator intends to issue an Order to Revoke a Sales Representative License and Bar Him from Association against Clark pursuant to 32 M.R.S.A. §§ 10313(1)(G) and 10602(1)(C).

Pursuant to 32 M.R.S.A. § 10708 (2), interested parties have thirty (30) calendar days from the entry of this Notice of Intent to file a written request for a hearing.

Date: December 5, 2003

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

Approved by:

Date: December 5, 2003

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

Presented by:

Date: December 5, 2003

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