

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

IN THE MATTER OF:)
)
)
Lemley, Yarling & Co.) **CONSENT AGREEMENT**
and Ralph J. Lemley II) **No. 05-047-CAG**
_____)

This Agreement is entered into by the State of Maine Office of Securities (the "Office") and Lemley, Yarling & Co. ("LYC"), CRD# 18234, a broker-dealer with its principal place of business in Chicago, Illinois, and Ralph J. Lemley II ("Lemley"), CRD# 306406, President of LYC.

WHEREAS, the parties agree as follows:

1. At all relevant times, it has been unlawful in Maine for a person to act as a broker-dealer unless licensed or exempt from licensing under the Revised Maine Securities Act, 32 M.R.S.A. §§10301 and 10302.
2. At all relevant times, it has been unlawful in Maine for a broker-dealer to employ a person as a sales representative unless the sales representative is licensed or exempt from licensing under the Revised Maine Securities Act, 32 M.R.S.A. §10301(2).
3. At all relevant times, it has been unlawful in Maine for a person to act as a sales representative unless licensed or exempt from licensing under the Revised Maine Securities Act, 32 M.R.S.A. §10301(1).
4. LYC became licensed in Maine as a broker-dealer on January 2, 2003.
5. In response to inquiries from the Office, in December of 2004 LYC informed the Office that it had one Maine client. The client was a resident of Maine when the account was established in 1987. The Maine client moved to Middletown, Rhode Island, around November 2003 and is no longer a client of LYC.
6. LYC has represented to the Office that the sales representative assigned to the Maine account since its inception was Lemley. Lemley was not licensed as a sales representative in Maine during this time period.

7. By letter dated September 19, 2005, the Office requested that LYC's clearing firm, ABN Amro Incorporated ("ABN"), review its records to determine whether any of LYC's principals, sales representatives, or affiliates had engaged in securities transactions with Maine residents from July 1999 to July 2004.
8. In response the Office's inquiry, ABN confirmed that LYC had only one Maine account and provided documentation which disclosed that LYC had effected at least five-hundred twenty-three (523) securities transactions in Maine between July 1999 and November 2003.
9. It is the Office's position that LYC has acted as a broker-dealer in Maine without being licensed as a broker-dealer or exempt from such licensing.
10. It is the Office's position that Lemley has acted as a sales representative in Maine without being licensed or exempt from licensing.
11. LYC has represented to the Office that it was not its intention to violate the Maine Revised Securities Act.
12. All parties desire an expeditious resolution of this matter.

NOW THEREFORE, without trial or adjudication of any issue of fact or law, and without LYC or Lemley admitting or denying that their conduct violated the Revised Maine Securities Act, it is agreed that:

1. LYC and Lemley will comply with all licensing and other legal requirements governing persons acting as securities broker-dealers and agents in the State of Maine at all times from the date hereof;
2. In lieu of the Office seeking the imposition of a penalty for the allegations contained herein, LYC will pay the sum of \$9,135.44 to the Office upon LYC's execution of this Agreement; and
3. The Office will not take further action against LYC and Lemley based solely upon their unlicensed status during the period preceding and including the date of execution of the Agreement, **PROVIDED**, however, that this paragraph applies only to the transactions previously disclosed to the Office by LYC and ABN.

Lemley, Yarling & Co.

BY:

February 9, 2006
Date

s/Ralph J. Lemley II, President
Ralph J. Lemley II, President

February 9, 2006
Date

s/Ralph J. Lemley II
Ralph J. Lemley II

February 24, 2006
Date

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

Reviewed by:

February 24, 2006
Date

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

Presented by:

February 24, 2006
Date

s/Cathy J. Williams
Cathy J. Williams
Licensing Coordinator