

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0121

IN RE:

Maine Securities Corporation

CONSENT AGREEMENT
05-016-CAG

This Consent Agreement is entered into between the Office of Securities ("the Office") and Maine Securities Corporation ("MSC"), a licensed broker-dealer and investment adviser with a principal place of business at 15 Monument Square, Portland, Maine 04101.

WHEREAS the parties agree as follows:

1. At all relevant times, MSC has been responsible for compliance with the record-keeping obligations of a licensed broker-dealer. It is the Office's position that section 10310(6) of the Revised Maine Securities Act ("the Act") mandates that licensed broker-dealers meet the record-keeping requirements of the United State Securities Exchange Act of 1934. Those requirements are set forth in 17 C.F.R. §§ 240.17a-3 and 240.17a-4 and are commonly known as SEC Rules 17a-3 and 17a-4.
2. At all relevant times, section 10313(1)(J) of the Act has authorized the Securities Administrator to impose sanctions on a broker-dealer if the Securities Administrator, after notice and opportunity for hearing, finds that the broker-dealer has failed reasonably to supervise its sales representatives.
3. On October 7 and 28 and November 17-21, 2003, and on January 26-28 and March 29, 2004, the Maine Office of Securities conducted an on-site examination of MSC pursuant to section 10312 of the Act. Based on its examination, it is the Office's position that MSC has violated sections 10310(6) and 10313(1)(J) of the Act in various respects, including without limitation the examples detailed below.
4. MSC failed to complete trade tickets, a problem that the SEC and the NASD each noted in connection with their examinations of MSC in 2000 and 2001, respectively. It is the Office's position that the failure to complete trade tickets violates SEC Rule 17a-3(6) and section 10310(6) of the Act.
5. MSC failed to maintain copies of certain trade tickets and confirmations. MSC could not find any trade tickets or confirmations for January 2002 and for January through March 2003 and initially could not find such documentation for other periods in 2002 and 2003. It is the

Office's position that the failure to maintain copies of trade tickets and confirmations violates SEC Rule 17a-4(b)(1) and section 10310(6) of the Act.

6. MSC failed to copy and send to the Office a large volume of e-mail messages that the Office had requested be produced in connection with the examination. MSC stated that it was unable to provide copies of all of those e-mails due to computer malfunctions. It is the Office's position that the failure to maintain e-mail messages violates SEC Rule 17a-4(b)(4) and section 10310(6) of the Act, and the failure to copy and send those messages to the Office violates SEC Rule 17a-4(j) and section 10310(6) of the Act.
7. MSC management did not review all exception reports generated by the clearing broker, and MSC did not have a written policy or procedure in place to require a sufficient level of supervision in this regard. It is the Office's position that MSC failed reasonably to supervise sales representatives under section 10313(1)(J) of the Act.
8. The parties desire an expeditious resolution of this matter.

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

1. In lieu of the Office seeking the imposition of a civil penalty for the matters described herein, MSC shall pay \$6,500.00 to the Securities Administrator;
2. MSC shall take remedial steps as required by a separate letter agreement between the parties; and
3. This Consent Agreement constitutes the entire agreement between the Office of Securities and MSC, and MSC confirms that in entering into this agreement it is not relying on any representations, promises, or understandings other than those expressed herein.

Date: December 20, 2004

Maine Securities Corporation

By: s/Bradley C. McCurtain
Bradley C. McCurtain, President

Date: December 22, 2004

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

Reviewed by:

Date: December 21, 2004

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

Presented by:

Date: December 21, 2004

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