

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
3 DIVISION OF BANKING AND SECURITIES

4 IN THE MATTER OF:) **ORDER NO. 19-100-S**
5 Solium Financial Services LLC) **CONSENT ORDER**
6 Respondent.)
7 _____)

8
9 WHEREAS, Solium Financial Services LLC (“SFS”) is a broker-dealer with a principal
10 place of business at 50 Tice Boulevard, Suite A-18 Woodcliff Lake, New Jersey 07677, and is
11 registered as a broker-dealer with the Director of the Department of Commerce, Community, and
12 Economic Development, Division of Banking and Securities (“Administrator”);

13 WHEREAS, on May 1, 2019, Morgan Stanley acquired Solium Capital Inc., which
14 included its subsidiaries Solium Holdings USA LLC and SFS (hereinafter collectively with SFS
15 and its affiliates, “Solium”);

16 WHEREAS, after the acquisition, SFS self-reported to state securities regulators that it
17 had transmitted certain securities orders in certain jurisdictions at a time when SFS was not
18 registered as a broker-dealer in such jurisdictions;

19 WHEREAS, certain members of the North American Securities Administrators
20 Association, with Alabama serving as the lead state (collectively, the “State Regulators”)
21 conducted a coordinated investigation of SFS to determine whether SFS’s activity was in
22 violation of the relevant jurisdictions’ broker-dealer registration requirements;

23 WHEREAS, SFS has cooperated during the course of the investigation and has agreed to
24 resolve the investigation with the State Regulators;

1 WHEREAS, SFS, without admitting or denying the Findings of Fact and Conclusions of
2 Law contained herein, voluntarily consents to the entry of this Consent Order (the “Order”)
3 pursuant to Alaska Securities Act, AS 45.55 *et seq* and AS 45.56 *et seq* (“Act”) with respect to
4 this Order;

5 NOW, THEREFORE, then Administrator finds this Order is in the public interest and
6 hereby enters the following:

7 **I. FINDINGS OF FACT**

8 1. SFS, CRD No. 147933, is a subsidiary of Solium Holdings USA LLC. SFS applied
9 for registration with the Division on May 2, 2019 and received conditional registration as a
10 broker-dealer with the Administrator on August 28, 2019 pending the outcome of the
11 investigation.

12 2. Solium provides equity plan administration software to employers. Employee
13 participants of employer-sponsored equity plans that utilize Solium’s software can view and
14 track the options and shares issued to them by their employers.

15 3. If an employee-participant residing in Alaska requests an exercise or liquidation
16 through Solium’s software, SFS transmits an order in the relevant account at a clearing broker-
17 dealer registered in Alaska and then routes the proceeds to the employee-participant’s account.
18 SFS receives a share of the commissions earned on these transactions.

19 4. SFS does not provide advice to employee-participants or solicit transactions in any
20 manner.

21 5. From at least January 2009 to August 2019, SFS transmitted orders for employee
22 participants residing in Alaska when SFS was not registered as a broker-dealer with the
23 Administrator.

24 6. SFS has provided substantial and timely cooperation to the State Regulators during

1 the course of the referenced investigation.

2 **I. CONCLUSIONS OF LAW**

3 During the period from at least January 2009 to December 31, 2018

4 1. SFS acted as a broker-dealer in Alaska as the term broker-dealer is defined by
5 AS 45.55.990(7) of the Act.

6 2. AS 45.55.030(a) states that it is unlawful for a person to transact business in Alaska
7 as a broker-dealer or agent unless such person is registered under the Act.

8 3. By engaging in the conduct set forth above, SFS acted as an unregistered broker
9 dealer in Alaska in violation of AS 45.55.030(a) of the Act.

10 4. As a result of the stated violation, SFS is subject to the assessment of a fine pursuant
11 to AS 45.55.920(c) of the Act

12 During the period of January 1, 2019 through August 28, 2019

13 1. SFS acted as a broker-dealer in Alaska as the term broker-dealer is defined by AS
14 45.56.900(4) of the Act.

15 2. AS 45.56.300(a) states that it is unlawful for a person to transact business in Alaska
16 as broker-dealer or agent unless such person is registered under the Act.

17 3. By engaging in the conduct set forth above, SFS acted as an unregistered broker
18 dealer in Alaska in violation of AS 45.56.300(a) of the Act.

19 4. As a result of the stated violation, SFS is subject to the assessment of a fine pursuant
20 to AS 45.56.690 of the Act.

21 5. This Order is appropriate and in the public interest.

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II. ORDER

Pursuant to AS 45.55.920 and AS 45.56.690, and on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this order, the Administrator Orders:

1. This Order concludes the investigation by the Administrator and any other action that the Administrator could commence under applicable Alaska law as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that the Administrator may pursue claims arising from SFS's failure to comply with the terms of this Order.

2. This Order is entered into solely for the purpose of resolving the investigation and is not intended to be used for any other purpose.

3. Respondent to comply with AS 45.56.300(a) of the Act.

4. (a) SFS shall pay a fine in the amount of \$10,527.38 to the State of Alaska within ten (10) business days of the entry of this Order.

(b) SFS shall pay back registration fees in the amount of \$2,250.00 for the period January 2009 through May 2019 to the State of Alaska within ten (10) business days of the entry of this Order.

5. SFS's registration as a broker-dealer in Alaska is moved from conditional approval to approved as of the date of this Order.

6. This Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of Alaska and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which SFS or any of its affiliates may be subject under the laws, rules and regulations of Alaska.

1 7. Nothing in this Order is intended to form the basis for any disqualification under
2 the laws of Alaska, any other state, the District of Columbia, Puerto Rico, or the U.S. Virgin
3 Islands; under the rules or regulations of any securities or commodities regulator or self-
4 regulatory organizations (SROs); or under the federal securities laws, including but not limited
5 to, Section 3(a)(39) of the Securities Exchange Act of 1934, Regulation A, Rules 504 and 506
6 of Regulation D under the Securities Act of 1933, and Rule 503 of Regulation CF. Further,
7 nothing in this Order is intended to form the basis for disqualification under the FINRA rules
8 prohibiting continuance in membership or disqualification under other SRO rules prohibiting
9 continuance in membership. This Order is not intended to be a final order based upon any
10 violation of any Alaska statute, rule, or regulation that prohibits fraudulent, manipulative, or
11 deceptive conduct.

12 8. Except in an action by the Administrator to enforce the obligations in this Order,
13 this Order is not intended to be deemed or used as (a) an admission of, or evidence of, the
14 validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such
15 alleged fault or omission of SFS in any civil, criminal, arbitration, or administrative proceeding
16 in any court, administrative agency, or other tribunal.

17 9. This Order is not intended to state or imply willful, reckless, or fraudulent conduct
18 by SFS, or its affiliates, directors, officers, employees, associated persons, or agents.

19 10. SFS, through execution of this Order, voluntarily waives the right to a hearing
20 and to judicial review of this Order under AS 45.55.920(d) and AS 45.56.690(b) of the Act.

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1 11. SFS enters into this Order voluntarily and represents that no threats, offers,
2 promises, or inducements of any kind have been made by the Administrator or any member,
3 officer, employee, agent, or representative of the Division of Banking and Securities to induce
4 it to enter into this Order.

6 Julie Anderson, Commissioner
7 Department of Commerce, Community and
Economic Development

8 Dated this 7th day of April, 2020

9 BY ORDER OF the
10 Division of Banking and Securities

11 /s/ Patrice Walsh

12 BY: Patrice Walsh, Director

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1 **CONSENT TO ENTRY OF ADMINISTRATIVE ORDER**

2 **BY SOLIUM FINANCIAL SERVICES LLC**

3 I hereby agree to the entry of this Consent Order; consent to all terms, conditions and orders
4 contained therein; and waive any right to appeal from this Order.

5 /docusigned/ Michael Hennessy April 7, 2020
6 Michael Hennessy, Managing Director Date
7 Solium Financial Services LLC

8 SUBSCRIBED AND SWORN TO before me this _____ day of _____, 202__

9 _____
10 _____

11 Notary Public in and for _____

12 _____
13 Notary Printed Name

14 My commission expires: _____
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STATE OF ALASKA
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