

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
Telephone (973) 504-3600

IN THE MATTER OF:
RBC Capital Markets, LLC
(CRD# 31194)

Respondent.

CONSENT ORDER

Pursuant to the authority granted to Abbe R. Tiger, Chief of the New Jersey Bureau of Securities ("Bureau Chief"), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), including N.J.S.A. 49:3-59(b) and N.J.S.A. 49:3-70.1, and certain regulations, and based on a review of the relevant facts, including documents obtained during the investigation by the New Jersey Bureau of Securities ("Bureau"), the Bureau Chief hereby finds that there is good cause and it is in the interest of preserving resources and without prejudicing the public interest, and RBC Capital Markets, LLC ("RBC") agrees to resolve any and all issues in controversy in this matter on the terms set forth in this Administrative Consent Order ("Consent Order").

WHEREAS, the Bureau is the State agency with the responsibility to administer and enforce the Securities Law; and

WHEREAS, N.J.S.A. 49:3-67 authorizes the Bureau Chief from time to time to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding

that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the provisions of the Securities Law; and

WHEREAS, the Bureau has conducted an investigation into certain activities occurring in certain branch offices of RBC located in New Jersey during the period of December 2004 through October 2006; and

WHEREAS, RBC and the Bureau Chief wish to resolve these issues without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, RBC consents to the form and entry of this Consent Order. Accordingly, RBC waives the following rights:

a. To be afforded an opportunity for hearing on the Bureau Chief's findings and conclusions of law in this Consent Order after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2); and

b. To seek judicial review of, or otherwise challenge or contend, the validity of this Consent Order; and

WHEREAS, RBC agrees that solely for the purpose of settling this matter, or any future proceedings by the Bureau, this Consent Order shall have the same effect as if proven and ordered after a full hearing held pursuant to N.J.S.A. 52: 14B-1 et seq.; and

WHEREAS, this Consent Order concludes the investigation and action by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against RBC for the conduct described herein.

ACCEPTANCE AND CONSENT

1. RBC hereby accepts and consents, without admitting or denying the findings of fact and conclusions of law, and solely for the purpose of this proceeding.

FINDINGS OF FACT

The Bureau Chief makes the following findings of fact:

2. RBC (CRD# 31194) formerly known as RBC Capital Markets Corporation among other names, has been registered with the Bureau as a broker-dealer since March 19, 1993. RBC has a main address of New York, New York.

3. On or about December 13, 2004, James Hankins Jr. ("Hankins") opened several accounts with RBC by transferring assets from another brokerage firm, among them: The Hankins Group Ltd., account number ending in 6884 ("THG Ltd."); James Hankins, Jr., account number ending in 1328 ("Hankins Personal Account"); Hankins Group 401k plan fbo James Hankins, Jr., account number ending in 1329 ("Hankins Group 401k"); and James Hankins, Jr. fbo Catherine G. Hankins 529 Account, account number ending in 16 ("529 Plan") (collectively, the "Hankins Accounts").

4. From the time the Hankins Accounts were opened and over the course of the next 22 months, Hankins deposited or transferred substantial amounts of investor funds from his Ponzi scheme into the Hankins Accounts. Thereafter, he used those funds to buy and sell investments, engaging in a pattern of day trading and concentrating his portfolio in speculative options. The options trading activity ceased in late February 2006 and the accounts remained open until about October 2006. Overall, the trading in the Hankins Accounts was profitable.

5. RBC's Investment Advisor Group Program Supervisory Manual (2005-2006) requires that Complex Directors perform Monthly Account Reviews ("MARs") on accounts which have been flagged by Compliance as requiring scrutiny. MARs are described by RBC's Directors of Compliance as, "[0]ne of the most important supervisory functions a Complex Director is required to perform and should be one of their top priorities."

6. The Complex Director responsible for the office servicing the Hankins Accounts failed to timely perform the MARs. By March 2006, the Hankins Accounts MARs were reported as overdue 183 days for the THG Ltd., 162 days for Hankins Personal Account and 253 days for the Hankins Group 401k.

7. RBC was aware that MARs were not being timely completed by the Complex Director, and by certain other offices in the Eastern Region - a territory encompassing several states.

8. When the MARs were conducted, in certain instances RBC failed to maintain copies of the MARs.

9. On March 20, 2008, the Bureau Chief filed a Verified Complaint in the Superior Court, Monmouth County, titled Anne Milgram v. James Hankins, Jr., The Hankins Group, Ltd., Hankins Private Client Group, L.L.C., and Hankins Life Settlement L.L.C., Superior Court, Monmouth County, Docket No. MON-C-49-08 ("Hankins Litigation"), which alleged that Hankins and/or the entities he controlled, The Hankins Group, Ltd., Hankins Private Client Group, L.L.C. and Hankins Life Settlement L.L.C. (the "Hankins Entities"), acted as an unregistered agent, sold unregistered securities and perpetrated a fraud for operating a Ponzi scheme involving life insurance policies viatical transactions in violation of the antifraud and

registration provisions of the Securities Law. On May 9, 2008, the Court entered an Order Appointing Receiver for Defendants, which appointed Thomas W. Halm, Jr., Esq. as receiver over Hankins and the Hankins Entities ("Receiver") to perform the responsibilities stated therein. On August 25, 2009, the Court entered Final Judgment by Default against Hankins and the Hankins Entities where the Court found that Hankins and the Hankins Entities, among other things, operated a course of business that included misappropriating investor funds for personal expenses, using new investor money to pay old investors, operating as a fraud and collecting over \$19 million from investors, nearly all New Jersey residents ("Hankins Judgment").

CONCLUSIONS OF LAW

Solely for the purpose of this Consent Order, and without admitting or denying the Findings of Fact and Conclusions of Law, RBC consents to the Bureau Chief making the following Conclusions of Law:

10. By failing to follow its own procedures with respect to MARs, RBC failed to reasonably supervise its agents and is subject to sanctions under N.J.S.A. 49:3-58(a)(2)(xi).

11. By failing to maintain copies of the MARs, RBC failed to keep accurate books and records, in violation of N.J.S.A. 49:3-59(b).

THEREFORE, it is on this ^{11TH} day of ^{MARCH} ~~February~~ 2013, **HEREBY, ORDERED and AGREED** that:

12. RBC shall comply with the Securities Law;

13. Pursuant to N.J.S.A. 49:3-70.1, RBC is assessed a civil monetary penalty in the amount of \$150,000.00, of which \$100,000.00 is suspended due to RBC's extensive cooperation with the Bureau during its investigation, and the \$50,000.00 is due and payable by check or wire

transfer within ten days of the entry of this Consent Order to "State of New Jersey, Bureau of Securities," 153 Halsey Street, 6th Floor, Newark, New Jersey 07102, or to be received at "Bureau of Securities," P.O. Box 47029, Newark, New Jersey 07101. The civil monetary penalty and disgorgement payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1;

14. RBC shall pay \$300,000 in disgorgement to the Bureau, in accordance with the payment instructions set forth in the prior paragraph, and it is the intention of the Bureau to apply this amount for the benefit of Hankins' victims.

15. Final judgment in the total amount of \$450,000.00 is entered against RBC pursuant to N.J.S.A. 49:3-47 et seq.

16. This Administrative Consent Order shall be deemed the final decision as to RBC pursuant to N.J.A.C. 1:1-19.1(d).

17. RBC shall cooperate fully and promptly with the Bureau, the Office of the Attorney General and the Receiver in any pending or subsequently initiated inquiry, investigation, proceeding or other process relating to the subject of this Consent Order and the Receiver's responsibilities, which shall, without respect to registration status with the Bureau, voluntarily include production of documents, appearance at times and locations requested by the Bureau or the Receiver, and disclosure of any information relevant to the subject matter of the Consent Order and/or Receiver's investigation. Failure to perform under the conditions of this Consent Order shall be deemed a failure to cooperate under the Securities Law, and/or entitle the Bureau to specific performance, and any other available remedies.

18 The settlement embodied in this Consent Order shall be without prejudice to the rights, claims, and defenses, direct or derivative, by and between the Receiver, Thomas W. Halm, Jr., and RBC.

19. Nothing in this Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.

20. No employee or official of, or person representing, the Bureau or the State of New Jersey has made any additional promise or representation to RBC regarding this Consent Order.

21. This Consent Order shall not bind any person not a party hereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.

22. RBC agrees that solely for the purpose of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

NEW JERSEY BUREAU OF SECURITIES

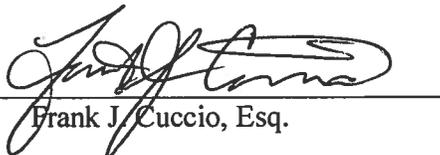
BY:


Abbe R. Tiger, Chief

The undersigned counsel for RBC consents to the form and entry of this Consent Order.

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07932 (973) 514-1200
Counsel for RBC Capital Markets, LLC

By:


Frank J. Cuccio, Esq.

Dated:

March 4, 2013