

1
2
3
4 STATE OF OREGON
5 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
6 DIVISION OF FINANCIAL REGULATION

7 In the Matter of:

Case No. S-17-0156

8 Laura O. Shean (CRD #2628756),

9 Respondent.

ORDER TO CEASE AND DESIST;
10 REVOCATION OF INVESTMENT ADVISER
11 REPRESENTATIVE, SALESPERSON, AND
12 INSURANCE PRODUCER LICENSES;
ORDER ASSESSING CIVIL PENALTIES;
ORDER DENYING USE OF EXEMPTIONS;
BAR FROM FINANCIAL SERVICES
BUSINESS ACTIVITIES; AND CONSENT TO
ENTRY OF ORDER

13 The Director of the Department of Consumer and Business Services for the State
14 of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”)
15 59.005 to 59.451, 59.991 and 59.995, and the administrative rules promulgated
16 thereunder (“the Oregon Securities Law”), and ORS chapters 731, 732, 733, 734, 735,
17 737, 742, 743, 743A, 743B, 744, 746, 748 and 750, and the administrative rules
18 promulgated thereunder (“Insurance Code”), has investigated the business activities of
19 Laura O. Shean (“Shean”).

20 Shean wishes to resolve this matter with the Director.

21 Now, therefore, as evidenced by the signature subscribed herein, Shean hereby
22 CONSENTS to the entry of this Order.

23 FINDINGS OF FACT

24 The Director FINDS that:

- 25 1. Laura O. Shean (“Shean”) resides in Medford, Oregon.
26 2. At times material to this Order, Shean was licensed in Oregon as a securities

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 salesperson and investment adviser representative. The Central Registration Depository
2 number for Shean is 2628756.

3 3. At times material to this Order, Shean has been a licensed resident insurance
4 producer, approved to sell life, health and variable lines. The National Producer Number
5 for Shean is 6248040.

6 4. Shean’s insurance producer license first became active in 1996.

7 5. From March 1, 1999 to November 2, 2017, Shean was employed at a broker-
8 dealer that is also a federal covered investment adviser (hereinafter, “the firm”).

9 6. At times material to this Order, Shean was also affiliated with at least two
10 insurance companies.

11 7. At times material to this Order, “JC” was a client and customer of Shean. JC
12 resides in Medford, Oregon and is 74 years old. JC’s spouse resides in a memory care
13 facility in Medford, Oregon.

14 8. From March 2017 through October 2017, unbeknownst to JC, Shean accessed
15 JC’s funds and caused a series of six Automated Clearing House (“ACH”) transactions
16 that transferred funds totaling \$124,402.83 from a financial account held by JC. The
17 approximate dates and amounts of those ACH transfers are as follows:

<u>Date</u>	<u>Amount</u>
3/6/17	\$ 72,782.83
6/20/17	4,810.00
7/26/17	4,810.00
8/14/17	14,000.00
9/26/17	14,000.00
<u>10/12/17</u>	<u>14,000.00</u>
Total	\$124,402.83

25 9. Shean caused those funds to be transferred from JC’s account to the Internal
26





1 Revenue Service (“IRS”), in order to pay a tax debt for the benefit of Shean.

2 10. Shean took a total of \$124,402.83 from JC’s account without the knowledge
3 or consent of JC.

4 11. The firm initiated an internal review of Shean on or about October 19, 2017,
5 after an automated compliance system used by the firm had flagged the ACH transfers.

6 12. On November 2, 2017, among other steps taken by the firm as part of the
7 internal review, the firm conducted an unannounced office visit at Shean’s office in
8 Medford, interviewed Shean in person, and contacted JC by telephone.

9 13. When the firm contacted JC on November 2, 2017, JC said he had never
10 loaned any funds to Shean, and that JC was not aware of the ACH transfers to the IRS.

11 14. JC described Shean as his friend and a wonderful person.

12 15. During the firm’s interview of Shean on November 2, 2017, Shean initially
13 said she had entered into a promissory agreement with JC, but she said she did not have
14 the agreement at the office when she was interviewed. She said she was in the process of
15 returning the borrowed funds to JC. Later that day, after the firm had contacted JC
16 directly, Shean eventually admitted that she misappropriated JC’s money in order to pay
17 a tax debt.

18 16. The firm terminated Shean’s employment with the firm on November 2, 2017.

19 17. On November 5, 2017, Shean sent the firm copies of six signed promissory
20 notes totaling \$124,402.83, purportedly showing that Shean “borrowed” the money from
21 JC. The date of JC’s signatures on the promissory notes is November 5, 2017.

22 18. The firm promptly contacted the Director to report the ACH transfers, and the
23 firm’s termination of Shean, to the Director. This matter has been reported to Adult
24 Protective Services authorities in Oregon as a potential elder abuse case

25 19. On or about November 20, 2017, Shean paid JC approximately \$72,000 by
26 personal check. The Director does not know the source of funds Shean used to repay JC

1 that \$72,000.

2 20. As of November 1, 2017, Shean had more than 600 accounts registered to
3 clients with addresses in Oregon.

4 21. The Financial Industry Regulatory Authority (“FINRA”) is a self-regulatory
5 organization. On or about April 3, 2018, FINRA accepted a Letter of Acceptance, Waiver
6 and Consent (“AWC”) from Shean. The AWC is currently effective. The FINRA case
7 number is No. 2017056236901.

8 22. The AWC states:

9 FINRA Rule 2150(a) provides that “[n]o member or person associated
10 with a member shall make improper use of a customer’s securities or
11 funds.” FINRA Rule 2010 requires FINRA members, in the conduct of
12 their business, to observe high standards of commercial honor and just and
equitable principles of trade. Conversion of customer funds is a violation
of FINRA Rules 2150(a) and 2010.

13 On six occasions between March 2017 and October 2017, Shean made tax
14 payments for her own benefit to the Internal Revenue Service (the “IRS”)
15 by improperly directing the IRS to debit funds from a customer’s
16 brokerage account. The payments totaled approximately \$124,000. After
17 the misconduct was discovered, the customer was reimbursed in full by
having certain of the transfers reversed and by Shean making additional
reimbursement. By virtue of the foregoing, Shean converted customer
funds in violation of FINRA Rules 2150(a) and 2010.

18 23. Shean agreed to the provisions of the AWC on or about March 18, 2018,
19 without admitting or denying the findings. Shean consented to sanctions imposed by
20 FINRA, including a bar in all capacities from associating with any FINRA member.
21 Shean acknowledged she is subject to statutory disqualification and may not be
22 associated with any FINRA member in any capacity, including clerical or ministerial
23 functions.

24 **CONCLUSIONS OF LAW**

25 The Director CONCLUDES that:
26





1 24. The Director has jurisdiction over Shean pursuant to ORS 59.235 and ORS
2 731.236.

3 25. At times relevant to this Order, Shean was licensed in Oregon as a securities
4 “salesperson” as defined under ORS 59.015(18)(a).

5 26. At times relevant to this Order, Shean was licensed in Oregon as an
6 “investment adviser representative” as defined under ORS 59.015(8)(a).

7 27. At times relevant to this Order, Shean has been licensed in Oregon as a
8 resident “insurance producer”, as defined under ORS 731.104.

9 28. None of the six ACH transfers described above were authorized by JC when
10 Shean caused them. From March 2017 through October 2017, Shean caused six
11 unauthorized ACH transfers that moved funds totaling \$124,402.83 from JC’s account.

12 29. By causing the execution of the six ACH transfers described above, Shean
13 caused six unauthorized transactions from JC’s account. On six occasions during 2017,
14 Shean caused the execution of transactions which were not authorized by a customer, JC.
15 By doing so, Shean engaged in a manipulative, deceptive, or other fraudulent act or
16 practice, as defined by OAR 441-205-0130(8). Therefore, Shean engaged in dishonest,
17 fraudulent or illegal practices or conduct in a business or profession, pursuant to ORS
18 59.205(2), OAR 441-205-0010, and OAR 441-205-0020.

19 30. By causing six unauthorized transactions from a customer’s account, Shean
20 engaged in an act, practice or course of business which operated or would operate as a
21 fraud or deceit upon a person, JC, and upon the firm, in violation of ORS 59.135(3).

22 31. Shean misappropriated a total of \$124,402.83 from JC’s account by
23 transferring JC’s funds to the IRS for the benefit of Shean.

24 32. By misappropriating funds from JC’s account six times during 2017, Shean
25 engaged in an act, practice or course of business which operated or would operate as a
26 fraud or deceit upon a person, JC, and upon the firm, in violation of ORS 59.135(3).



1 33. By causing six unauthorized transactions from her customer's account, and by
2 misappropriating funds from a customer's account six times during 2017, Shean willfully
3 or repeatedly violated at least one provision of the Oregon Securities Law, including ORS
4 59.135(3) and OAR 441-205-0130(8).

5 34. By misappropriating funds from her client's account six times during 2017,
6 Shean has engaged in dishonest, fraudulent or illegal practices or conduct in a business or
7 profession.

8 35. Shean is the subject of the AWC, which resulted in Shean's expulsion from
9 membership in or association with a member of FINRA.

10 36. Pursuant to ORS 59.205(2), ORS 59.205(3), and ORS 59.205(12)(b), the
11 Director has grounds to revoke Shean's investment adviser representative and salesperson
12 licenses.

13 37. By causing six unauthorized transactions from her client's account, and by
14 misappropriating funds from her client's account six times during 2017, Shean used
15 fraudulent, coercive or dishonest practices, or demonstrated incompetence,
16 untrustworthiness or financial irresponsibility in the conduct of business in Oregon.

17 38. Pursuant to ORS 744.074(1)(h), the Director has grounds to revoke Shean's
18 resident insurance producer license.

19 39. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
20 \$1,000 per violation upon any individual who violates a provision of the Insurance Code.

21 40. Pursuant to ORS 59.995(1), the Director may impose a civil penalty of up to
22 \$20,000 per violation upon any person who violates a provision of the Oregon Securities
23 Law.

24 **ORDERS**

25 Now therefore, the Director issues the following ORDERS:

26 41. Pursuant to ORS 59.245(4) and ORS 731.252(1) the Director hereby



1 ORDERS Shean to CEASE AND DESIST from:

2 (1) Violating any provision of the Oregon Securities Law, or the
3 administrative rules promulgated thereunder; and

4 (2) Violating any provision of the Insurance Code, or the administrative
5 rules promulgated thereunder.

6 42. The Director, pursuant to ORS 59.205(2), ORS 59.205(3), and ORS
7 59.205(12)(b) hereby REVOKES the salesperson license of Shean.

8 43. The Director, pursuant to 59.205(2), ORS 59.205(3), and ORS 59.205(12)(b),
9 hereby REVOKES the investment adviser representative license of Shean.

10 44. The Director, pursuant to ORS 744.074(1)(h), hereby REVOKES the resident
11 insurance producer license of Shean.

12 45. The Director, pursuant to ORS 59.045(2), hereby DENIES Shean, and any
13 business entity owned, operated or controlled by Shean, the use of any exemptions that
14 would otherwise be available under ORS 59.025 and ORS 59.035, concerning securities
15 and transactions exempt from the registration requirements of the Oregon Securities Law.

16 46. Shean is permanently BARRED from all of the following financial services
17 business activities in Oregon:

18 A. applying for, holding, or renewing any investment adviser, investment adviser
19 representative, broker-dealer or securities salesperson license in the State of Oregon;

20 B. applying to register or renew any securities in the State of Oregon;

21 C. applying for, holding, or renewing any insurance producer license in the State
22 of Oregon; and

23 D. applying for, holding, or renewing any license or registration required by the
24 Director in Oregon, including but not limited to insurance, consumer finance, collection
25 agency, manufactured structure dealer, or mortgage lending.

26 47. The Director, pursuant to ORS 59.995(1)-(3) and ORS 731.988(1), hereby



1 ASSESSES civil penalties totaling \$30,000 against Shean as follows:

2 (1) A civil penalty of \$12,000 for one violation of ORS 59.135(3);

3 (2) A civil penalty of \$2,000 per violation for six separate violations of
4 OAR 441-205-0130(8); and

5 (3) A civil penalty of \$1,000 per violation for six separate violations of
6 ORS 744.074(1)(h).

7 48. The Director SUSPENDS \$20,000 (twenty thousand dollars) of the civil
8 penalties assessed above, so long as Shean complies with all terms of this Order, all
9 provisions of the Oregon Securities Law, and all provisions of the Insurance Code;
10 PROVIDED HOWEVER, that the suspended portion of the civil penalties shall be
11 immediately due and payable upon a determination by the Director that Shean has
12 violated any term of this Order, or any provision of the Oregon Securities Law, or any
13 provision of the Insurance Code.

14 49. Shean must pay \$1,000 (one thousand dollars) of the civil penalties assessed
15 against Shean when this Order is returned to the Division of Financial Regulation. Shean
16 must pay the remaining \$9,000 (nine thousand dollars) of the due and payable civil
17 penalties in monthly installments of no less than \$1,000 (one thousand dollars) beginning
18 no later than February 10, 2019, with payments due no later than the tenth day of each
19 month. If Shean violates any term of the Order, fails to comply with the payment schedule,
20 is late with a monthly payment, or skips a monthly payment, then the entire unpaid portion
21 of the civil penalty, including but not limited to, the \$20,000 (twenty thousand dollars)
22 suspended portion of the civil penalties, will become immediately due and payable.

23 50. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that
24 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or

25 ///

26 ///

1 actions which may be available to the Director under Oregon law to enforce this Order,
2 for violations of this Order, for conduct or actions of Shean that are not covered by this
3 Order, or against any party not covered by this Order.

4 SO ORDERED this 17th day of January, 2019.

5 Cameron C. Smith, Director
6 Department of Consumer and Business Services

7
8 /s/ Dorothy Bean
9 Dorothy Bean, Chief of Enforcement
10 Division of Financial Regulation
11
12
13
14
15
16

17 Division of Financial Regulation
18 Labor and Industries Building
19 350 Winter Street NE, Suite 410
20 Salem, OR 97301-3881
21 Telephone: (503) 378-4387



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CONSENT OF LAURA O. SHEAN TO ENTRY OF ORDER

I, Laura O. Shean, state that I am a resident of the State of Oregon, that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; that I have been advised of my right to a hearing, and that I have been represented by counsel in this matter; that I voluntarily consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities Law or the Oregon Insurance Code by me; and that I will fully comply with the terms and conditions stated herein.

I understand that this Consent Order is a public document.

/s/ Laura O.
Laura O. Shean

State of: Oregon

County of: Jackson

SUBSCRIBED AND SWORN to before me this 6TH day of Dec., 2018.

/s/ Crystal Alvarez

Signature of Notary Public

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

