

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-13-1219-13-CO01
5 whether there has been a violation of the)
6 Securities Act of Washington by:)
7 Brad S. Sessler;) CONSENT ORDER
8 Theodore J. Greene;)
9 Raindrop Capital LLC,)

10 Respondents.

11 **INTRODUCTION**

12 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of
13 Financial Institutions (“Securities Division”) and Respondents, Brad S. Sessler, Theodore J. Greene, and Raindrop
14 Capital, LLC, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein.

15 **APPLICABLE LAWS AND REGULATIONS**

16 It is unlawful, under RCW 21.20.040(3), to transact business in Washington State as an investment adviser
17 representative without being registered or exempt from registration. It is also unlawful, under RCW 21.20.040(5)(a),
18 for an investment adviser to employ, supervise, or associate with an investment adviser representative unless such
19 investment adviser representative is registered as an investment adviser representative. An investment adviser
20 representative, under RCW 21.20.005(9) includes any individual associated with an investment adviser who makes
21 recommendations or otherwise renders advice regarding securities or who manages client accounts. Registration as an
22 investment adviser representative, under WAC 460-24A-050, requires that an individual qualify for registration. One
23 way to qualify, under WAC 460-24A-050(1), is by passing the Series 65 Uniform Investment Adviser Law
24 Examination.

25 **FINDINGS OF FACT**

Raindrop Capital LLC (“Raindrop”) is a registered investment adviser with the Securities Division. Its Central
Registration Depository (“CRD”) number is 164287. Raindrop’s license as an investment adviser was approved on
September 12, 2012.

1 Theodore J. Greene, is the Chief Economic Officer, Chief Compliance Officer, and Manager of Raindrop. His
2 CRD number is 2375813. Mr. Greene is responsible for overseeing and enforcing Raindrop's compliance programs
3 that have been established to monitor and supervise the activities and services provided by Raindrop and its
4 representatives, including Brad J. Sessler.

5 Mr. Sessler is listed an owner and portfolio manager of Raindrop. His CRD number is 6064683. On May 30,
6 2012, Mr. Greene filed an application for Mr. Sessler to register him as an investment adviser representative of
7 Raindrop. However, Mr. Sessler did not have any of the WAC 460-24A-050 qualifications for registration and the
8 CRD system marked his application as examinations deficient. After recognizing the deficiency, CRD generated a
9 time period "window" for Mr. Sessler to take the Series 65 examination. However, Mr. Sessler did not take the Series
10 65 examination during that window and CRD automatically abandoned the application on March 27, 2013.

11 During Raindrop's licensing process with this office, an examiner identified Mr. Sessler's investment adviser
12 representative licensing deficiency. On June 27, 2012, the examiner informed Mr. Greene that Mr. Sessler would
13 need to take steps to qualify for registration as an investment adviser representative and that Mr. Sessler could not
14 transact business in Washington State as an investment adviser representative of Raindrop until he was properly
15 registered. Mr. Greene acknowledged his understanding of the requirement and informed the Securities Division that
16 he would ensure that Mr. Sessler took the Series 65 examination and register as an investment adviser representative
17 before transacting business as such.

18 In February of 2013, the Securities Division became aware that Mr. Sessler was operating as a Portfolio Manager
19 for Raindrop and that he was not registered as an investment adviser representative. When the Securities Division
20 contacted Raindrop, Mr. Greene and Mr. Sessler informed the Securities Division that after Raindrop received its
21 license as an investment adviser, Mr. Sessler began providing advice regarding securities and managing client
22 accounts for a fee without being registered as an investment adviser representative. Both Mr. Greene and Mr. Sessler
23 were forthcoming, informed the Securities Division that it was an unintentional oversight, and took immediate steps to
24 ensure that Mr. Sessler did not continue to transact business as an investment adviser representative until after he
25 passed the Series 65 examination and registered as an investment adviser representative.

1 Mr. Sessler passed the Series 65 examination on May 9, 2013 and was approved for registration as an
2 investment adviser representative of Raindrop on May 10, 2013.

3
4 Based upon the above Findings of Fact, the following Conclusions of Law are made:

5 **CONCLUSIONS OF LAW**

6 Brad S. Sessler, as described above, violated RCW 21.20.040(3) by acting an unregistered investment adviser
7 representative.

8 Raindrop Capital, LLC, as described above, violated RCW 21.20.040(5)(a) by associating with an
9 unregistered investment adviser representative.

10 Theodore J. Greene, as described above, failed to reasonably supervise Brad S. Sessler who acted as an
11 unregistered investment adviser representative. As the manager of Raindrop, Mr. Greene is responsible for
12 Raindrop's RCW 21.20.040(5)(a) violation by supervising and associating with an unregistered investment adviser
13 representative.

14 **CONSENT ORDER**

15 Based upon the foregoing and finding it in the public interest:

16 IT IS AGREED AND ORDERED that Brad S. Sessler shall be, and hereby is, censured for his conduct in
17 acting as an unregistered investment adviser representative.

18 IT IS FURTHER AGREED that Theodore J. Greene shall be, and hereby is, censured for his conduct in
19 failing to reasonably supervise an unregistered investment adviser representative.

20 IT IS FURTHER AGREED that Brad S. Sessler, Theodore J. Greene, and Raindrop Capital, LLC shall be
21 jointly liable for and shall pay a fine in the amount of \$500 prior to the entry of this Consent Order.

22 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

23 IT IS FURTHER AGREED that Brad S. Sessler and Theodore J. Greene entered into this Consent Order
24 freely and voluntarily and with a full understanding of its terms and significance.

25 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent, Brad S. Sessler and Theodore
J. Greene waive their right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter
34.05 RCW.

WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

1 Signed this _____ day of _____ 20__.

2 Signed by:

3
4 _____
5 Brad S. Sessler

6 Signed by:

7 _____
8 Theodore J. Greene

9 Signed by:
10 Raindrop Capital, LLC

11 By _____
12 Theodore J. Greene as manager of
13 Raindrop Capital, LLC

14 SIGNED and ENTERED this 3rd day of October 2013.

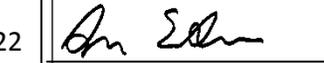
15 

16 _____
17 William M. Beatty
18 Securities Administrator

19 Approved by:

20 Presented by:

21 

22 
23 _____
24 Suzanne Sarason
25 Chief of Enforcement

26 _____
27 Elizabeth A.L. Smith
28 Financial Legal Examiner