

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:

**SagePoint Financial, Inc.,
CRD No. 133763,**

Respondent.

CONSENT ORDER

Matter No. 16049

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, SagePoint Financial, Inc., CRD No. 133763 (“SagePoint”), self-reported certain securities-related activities of Timothy Francis Dufresne, CRD No. 3237322 (“Dufresne”), a former registered representative of SagePoint; and

WHEREAS, the information led the Division to open and conduct an investigation of Dufresne and the Respondent pursuant to S.C. Code Ann. § 35-1-602; and

WHEREAS, the Respondent acknowledges its desire to resolve this matter by Consent Order rather than by formal hearing before the Securities Commissioner; and

WHEREAS, without admitting to or denying the findings of fact and conclusions of law set forth in this Consent Order, except as to the Securities Commissioner’s jurisdiction over it and the subject matter of this proceeding, which are admitted, the Respondent consents to the entry of this Consent Order.

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENT

2. SagePoint is a broker-dealer registered with the Division and headquartered at 20 East Thomas Road, Suite 2000, Phoenix, Arizona 85012.

III. FINDINGS OF FACT

3. SagePoint has been registered with the Division since 2005.

4. Between October of 2008 and March of 2016, Dufresne, who maintained an office in Bamberg, South Carolina, was associated with SagePoint as a registered representative.

Dufresne's Conversion of Customer Funds

5. In April of 2016, SagePoint self-reported to the Division that Dufresne had admitted to converting in excess of \$400,000 from the variable annuities of a number of his customers.

6. Following SagePoint's self-reporting of Dufresne's actions, the Division began an investigation into Dufresne and SagePoint.

7. During the course of its investigation the Division determined that, between January of 2014 and February of 2016, Dufresne converted at least \$453,000 from seven (7) customers (the "Victims") through various deceptive and manipulative means, including the use of fabricated distribution requests to the insurers who held the Victims' variable annuities.

8. Dufresne then used the proceeds of his conversion to, among other uses, pay off a mortgage, make alimony and child support payments, make credit card payments, and make payments on a car loan.

9. On June 1, 2016, Dufresne was permanently barred from engaging in the securities business in the State of South Carolina through an order issued under Matter No. 16031.

10. During its investigation, the Division further determined that SagePoint failed to reasonably supervise Dufresne during the period in which he converted the Victims' funds.

SagePoint's Cooperation

11. In addition to its self-reporting of Dufresne's conversion of the Victims' funds, SagePoint cooperated fully with the Division's investigation.

12. Following discussions with the Division, SagePoint agreed to develop and implement certain enhancements to its supervisory policies and procedures.

13. Further, SagePoint has offered to repay the Victims the full amount converted from variable annuities by Dufresne.

IV. CONCLUSIONS OF LAW

14. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

15. Pursuant to S.C. Code Ann. § 35-1-412(c), if the Commissioner finds that the order is in the public interest and S.C. Code Ann. §§ 35-1-412(d)(1) through (6), (8), (9), (10), or

(12) and (13) authorizes the action, an order under the Act may censure, impose a bar, and/or impose a civil penalty, in an amount not to exceed \$10,000 for each violation, on a registrant.

16. Pursuant to S.C. Code Ann. § 35-1-412(d)(9), a registrant may be disciplined under S.C. Code Ann. §§ 35-1-412(a) through (c) if the registrant failed to reasonably supervise an agent, investment advisor representative, or other individual, if the agent, investment advisor representative or other individual was subject to the registrant's supervision and committed a violation of the Act or a rule adopted or order issued under the Act within the previous ten (10) years.

17. Pursuant to S.C. Code of Regulations § 13-501(C), forgery and manipulative or deceptive practices, *inter alia*, constitute dishonest and unethical practices, and, as such, are violations of the Act.

V. ORDER

WHEREAS, the Securities Commissioner finds this Consent Order both appropriate and in the public interest, for the protection of the investors and the capital markets of the State of South Carolina;

NOW, THEREFORE, it is hereby **ORDERED**, and the Respondent expressly consents and agrees that:

- a. SagePoint will implement the policies and procedures agreed upon with the Division;
- b. Sagepoint will reimburse the Division for its costs incurred in the investigation of this matter in the amount of fifteen thousand dollars (\$15,000): and

- c. SagePoint will pay a fine in the amount of twenty-five thousand dollars (\$25,000) contemporaneously with the execution of this Order.

Upon execution by the Securities Commissioner, this Consent Order resolves Administrative Proceeding 16049.

This Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of the activities described above, or (iii) other causes of action that may result from activities of the Respondent not detailed herein or which may hereafter arise. SagePoint shall have the full right and opportunity to contest or deny any determination by the Division herein in any pending or subsequent claim brought by any person or entity against SagePoint related to the circumstances at hand. This Consent Order shall not serve in any subsequent private action as an admission by SagePoint to any determination by the Division herein.

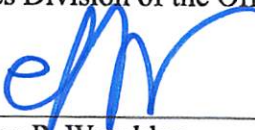
IT IS SO ORDERED this 4 day of August, 2017.

By: Alan Wilson
The Honorable Alan Wilson
Securities Commissioner
State of South Carolina

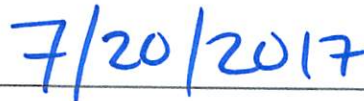
WE CONSENT:

Securities Division of the Office of the Attorney General:

By: _____


Ian P. Weschler
Assistant Attorney General

Date: _____



Respondent SagePoint Financial, Inc.

By: _____


Jeffrey M. Auld, President & CEO

Date: _____

