STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING whether there has been a violation of the Securities Act of Washington by:

Brad S. Sessler;
Theodore J. Greene;
Raindrop Capital LLC,

Respondents.

Order No.: S-13-1219-13-CO01

CONSENT ORDER

INTRODUCTION

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

APPLICABLE LAWS AND REGULATIONS

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

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

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

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

In February of 2013, the Securities Division became aware that Mr. Sessler was operating as a Portfolio Manager for Raindrop and that he was not registered as an investment adviser representative. When the Securities Division contacted Raindrop, Mr. Greene and Mr. Sessler informed the Securities Division that after Raindrop received its license as an investment adviser, Mr. Sessler began providing advice regarding securities and managing client accounts for a fee without being registered as an investment adviser representative. Both Mr. Greene and Mr. Sessler were forthcoming, informed the Securities Division that it was an unintentional oversight, and took immediate steps to ensure that Mr. Sessler did not continue to transact business as an investment adviser representative until after he passed the Series 65 examination and registered as an investment adviser representative.
Mr. Sessler passed the Series 65 examination on May 9, 2013 and was approved for registration as an investment adviser representative of Raindrop on May 10, 2013.

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

**CONCLUSIONS OF LAW**

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

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

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

**CONSENT ORDER**

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

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

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

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

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

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

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.
Signed this _________ day of ________________________________ 20___.

Signed by:

____________________________________
Brad S. Sessler

Signed by:

____________________________________
Theodore J. Greene

Signed by:

____________________________________
Raindrop Capital, LLC

By__________________________________
Theodore J. Greene as manager of
Raindrop Capital, LLC

SIGNED and ENTERED this ______ day of October __________________________ 2013__.

William M. Beatty
Securities Administrator

Approved by: Presented by:

______________________________  
Suzanne Sarason  
Chief of Enforcement

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Elizabeth A.L. Smith
Financial Legal Examiner