
 IN THE MATTER OF:
 REED FRANCIS BIRMINGHAM
 D/B/A BIRMINGHAM WEALTH
 STRATEGIES
 CRD NO. 5526970

ORDER TO CEASE AND DESIST
ORDER TO MAKE RESTITUTION
NOTICE OF INTENT TO FINE
AND
NOTICE OF RIGHT TO HEARING
DOCKET NO. CRF-19-8509-S

I. PRELIMINARY STATEMENT

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act.

2. Pursuant to Section 36b-26(a) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, has conducted an investigation into the activities of Reed Francis Birmingham, d/b/a Birmingham Wealth Strategies (“Respondent”) to determine if Respondent has violated, is violating or is about to violate provisions of the Act or Regulations (“Investigation”).

3. As a result of the Investigation, the Commissioner has reason to believe that Respondent has violated certain provisions of the Act.

4. As a result of the Investigation, the Commissioner has the authority to issue a cease and desist order against Respondent pursuant to Section 36b-27(a) of the Act.

5. As a result of the Investigation, the Commissioner has the authority to order that Respondent make restitution pursuant to Section 36b-27(b) of the Act.

6. As a result of the Investigation, the Commissioner has the authority to impose a fine upon Respondent pursuant to Section 36b-27(d) of the Act.

II. RESPONDENT

7. Respondent is an individual whose addresses last known to the Commissioner are 1350 Boulevard, West Hartford, Connecticut 06119 and 2785 Boston Post Road, Guilford, Connecticut 06437. Respondent was registered as an investment adviser agent of Commonwealth Financial Network (“Commonwealth”) (CRD No. 8032) under the Act, from June 22, 2016 to May 18, 2018 and as a broker-dealer agent of Commonwealth from September 6, 2012 to May 18, 2018. On May 18, 2018, a Form U5 (Uniform Termination Notice for Securities Industry Registration) relating to Respondent was filed by Commonwealth with the Central Registration Depository (“CRD”). The Form U5 stated that Respondent was permitted to resign from Commonwealth and that the reason for the termination was an “OSJ business decision- Not Securities Related.” On June 17, 2019 and July 11, 2019, Respondent was suspended by FINRA from association with any FINRA member firm in any capacity (FINRA Case No. 2019062274101). On September 20, 2019, FINRA barred Respondent from association with any FINRA member in all capacities, due to Respondent’s failure to request termination of the prior FINRA suspension.

8. Bermingham Wealth Strategies (“BWS”) was purportedly created in May 2018 as a sole proprietorship, financial planner and investment adviser. BWS is not and has not been registered in any capacity under the Act.

III. PROCEDURAL HISTORY

9. In connection with the Investigation, on April 25, 2019, the Division issued a subpoena to Respondent pursuant to Section 36b-26(b) of the Act requesting that he appear before the Division on May 14, 2019 for on the record testimony and for the production of documents (“Deposition”).

On May 13, 2019, Respondent requested a continuance of the Deposition, and the Division agreed to reschedule it to July 10, 2019. On July 9, 2019, when the Division contacted Respondent to confirm Respondent's attendance for the Deposition on July 10, 2019, Respondent informed the Division he was unable to attend and requested another extension. The Division requested that Respondent provide the Division with documentation evidencing the reason(s) he was unable to attend the Deposition on July 10, 2019. Despite representing to the Division that he would provide such evidence, to date, the Division has neither received such documentation nor any communication from Respondent. In addition, Respondent has not furnished the Division with any of the subpoenaed documents.

IV. STATEMENT OF FACTS

10. Investor A is a Connecticut resident who was a personal friend of Respondent as well as a brokerage and investment advisory client of Respondent at Commonwealth. After Respondent left Commonwealth in May 2018, Respondent told Investor A that Respondent was opening BWS. Respondent encouraged Investor A to sell all of Investor A's securities positions in Investor A's Commonwealth account and open a brokerage account at TD Ameritrade with the proceeds, which Respondent would manage for a fee. Investor A liquidated his securities positions at Commonwealth at various times from approximately October 2018 through approximately March 2019, at the direction of Respondent, and remitted \$20,400 through PayPal and Google Pay to Respondent.

11. In March 2019, Respondent assisted Investor A in establishing an account at TD Ameritrade. Respondent was listed as a "Trusted Contact" (including Respondent's name, email address and telephone number) on the account. It was Investor A's understanding, based on Respondent's representations, that Respondent would transfer Investor A's \$20,400 into the TD Ameritrade account and thereafter Respondent would manage the securities portfolio for Investor A. In fact, after Investor A transferred the \$20,400 to Respondent, none of this money was transferred to Investor A's TD Ameritrade account and indications are that Respondent used this money for his personal expenses. To date, Investor A has not received any of his \$20,400 back from Respondent.

**V. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST,
ORDER TO MAKE RESTITUTION AND ORDER IMPOSING FINE**

a. Violation of Section 36b-6(c)(1) of the Act by Respondent –
Unregistered Investment Adviser

12. Paragraphs 1 through 11, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

13. Respondent transacted business as an investment adviser in Connecticut absent registration, as more fully described in paragraphs 10 and 11. Such conduct constitutes a violation of Section 36b-6(c)(1) of the Act, which forms a basis for an order to cease and desist to be issued against Respondent under Section 36b-27(a) of the Act and the imposition of a fine upon Respondent under Section 36b-27(d) of the Act.

b. Violation of Section 36b-5(a) of the Act by Respondent-
Prohibited Activity of Investment Adviser

14. Paragraphs 1 through 13, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

15. The conduct of Respondent, as more fully described in paragraphs 10 and 11, in connection with directly or indirectly receiving compensation or other remuneration for advising another person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, constitutes employing a device, scheme or artifice to defraud the other person, making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading or engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon such other person. Such conduct constitutes a violation of Section 36b-5(a) of the Act, which forms a basis for an order to cease and desist to be issued against Respondent under Section 36b-27(a) of the Act, an order of restitution to be issued against Respondent under Section 36b-27(b) of the Act, and for the imposition of a fine upon Respondent under Section 36b-27(d) of the Act.

**VI. ORDER TO CEASE AND DESIST, ORDER TO MAKE RESTITUTION,
NOTICE OF INTENT TO FINE AND NOTICE OF RIGHT TO HEARING**

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Respondent has committed at least one violation of Section 36b-6(c)(1) of the Act and at least one violation of Section 36b-5(a) of the Act;

WHEREAS, the Commissioner further finds that the issuance of an Order to Cease and Desist, Order to Make Restitution and the imposition of a fine upon Respondent is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act;

WHEREAS, notice is hereby given to Respondent that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation upon Respondent;

WHEREAS, the Commissioner **ORDERS** that **REED FRANCIS BIRMINGHAM** individually and/or through any entity, organization or device **CEASE AND DESIST** from directly or indirectly violating the provisions of the Act, including without limitation, (1) transacting business as an investment adviser in Connecticut absent registration under the Act; and (2) in connection with directly or indirectly receiving compensation or other remuneration for advising another person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise, employing any device, scheme or artifice to defraud the other person, making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading or engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon such other person.

WHEREAS, the Commissioner **ORDERS** that **REED FRANCIS BIRMINGHAM MAKE RESTITUTION** of any sums obtained as a result of Respondent's violations of Sections 36b-5(a), plus interest at the legal rate set forth in Section 37-1 of the General Statutes of Connecticut. Specifically, the Commissioner **ORDERS** that:

1. Within forty-five (45) days from the date this Order to Make Restitution becomes permanent, Respondent shall reimburse Investor A \$20,400. Such restitution shall be made by certified check, and shall be sent by certified mail, return receipt requested, to Investor A; and
2. Within ninety days (90) days from the date this Order to Make Restitution becomes permanent, Respondent shall provide the Division with proof in the form of a copy of the certified check and the return receipt required by paragraph 1 above, that Respondent has reimbursed Investor A \$20,400.

THE COMMISSIONER FURTHER ORDERS THAT, pursuant to Section 36b-27 of the Act, Respondent will be afforded an opportunity for a hearing on the allegations set forth above if a written request for a hearing is received by the Department of Banking, Securities and Business Investments Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 within fourteen (14) days following Respondent's receipt of this Order. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to the above address. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". If a hearing is requested, the hearing will be held on November 25, 2019 at 10 a.m., at the Department of Banking, 260 Constitution Plaza, Hartford, Connecticut.

The hearing will be held in accordance with the provisions of Chapter 54 of the General Statutes of Connecticut. At such hearing, Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If Respondent does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against Respondent will be deemed admitted. Accordingly, the Order to Cease and Desist and Order to Make Restitution shall remain in effect and become permanent against Respondent and the Commissioner may order that the maximum fine be imposed upon Respondent.

Dated at Hartford, Connecticut,
this 10th day of October 2019.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 10th day of October 2019, I caused to be mailed by certified mail, return receipt requested, the foregoing Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Fine and Notice of Right to Hearing to Reed Francis Bermingham d/b/a Bermingham Wealth Strategies, at 1350 Boulevard, West Hartford, Connecticut 06119, certified mail no. 7014 2120 0000 3701 2051 and 2785 Boston Post Road, Guilford, Connecticut 06437, certified mail no. 7014 2120 0000 3701 2068.

_____/s/_____
Christopher Cartelli
Paralegal