

STATE OF NORTH CAROLINA  
DEPARTMENT OF THE SECRETARY OF STATE  
SECURITIES DIVISION

IN THE MATTER OF:	)	
	)	
	)	FINAL CONSENT ORDER
	)	18SEC058
MICHAEL PAUL LESSARD, JR.	)	
CRD No. 5968857	)	
	)	
Respondent.	)	

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The Secretary of State of the State of North Carolina (“Administrator”), as the Administrator of the North Carolina Securities Act (N.C. Gen. Stat. Chapter 78A, the “Securities Act”) and the North Carolina Investment Advisers Act (N.C. Gen. Stat. Chapter 78C, the “Investment Advisers Act”), has considered the evidence in this matter and finds that it is in the public interest to resolve it on the terms set forth in this Final Consent Order (“Order”). With the consent of Michael Paul Lessard, Jr., the Administrator enters this Order.

**FINDINGS OF FACT**

1. Respondent Michael Paul Lessard, Jr. (“Lessard”) is a resident of Rock Hill, York County, South Carolina.
2. On October 13, 2014, Lessard registered, pursuant to N.C. Gen. Stat. §78A-36, with the Administrator as a salesman, with Southeast Investments NC, Inc. (CRD No. 43035) (“Southeast”). Lessard had been previously assigned CRD No. 5968857<sup>1</sup>. Southeast terminated

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<sup>1</sup> The CRD/IARD (Central Registration Depository/Investment Advisor Registration Depository) is a database maintained by FINRA for all firms and individuals involved in the U.S. securities industry. This database is used to store and maintain information on registered securities and broker firms, as well as individuals who register as salesmen and/or investment adviser representatives. Firms and individuals are assigned a CRD Number.

Lessard's salesman registration by filing a Form U5 on June 29, 2017 with a termination date of May 31, 2017.

3. On July 5, 2017, Lessard's registration as a salesman with Dempsey Lord Smith, LLC (CRD No. 141238) was approved by the Administrator.

4. Lessard's registration with Dempsey Lord Smith, LLC was terminated effective May 10, 2018, and he has not been registered as a salesman in North Carolina since that time.

5. On October 24, 2016, Lessard registered with the Administrator as an investment adviser representative pursuant to N.C. Gen. Stat. §78C-16.

6. On July 3, 2018, Lessard's investment adviser representative registration was terminated. Since that time, Lessard has not been registered in any capacity with the Administrator.

7. Palmetto Premier Advisors, LLC ("Palmetto") is a limited liability company organized and existing under and by virtue of the laws of the State of South Carolina with its principal place of business in Rock Hill, York County, South Carolina.

8. On October 24, 2016, Palmetto registered in North Carolina with the Administrator pursuant to N.C. Gen. Stat. §78C-16 as an investment adviser.

9. According to the documents Palmetto filed with CRD/IARD, Lessard held various roles with Palmetto including, but not limited to, serving as its Chief Compliance Officer, Managing Principal, President, and owner.

10. When Palmetto and Lessard applied for registration in 2016, the North Carolina Department of the Secretary of State, Securities Division ("Securities Division") conducted an investigation into Lessard's disciplinary history. The Securities Division's investigation revealed

that FINRA<sup>2</sup> and the North Carolina Department of Insurance had taken disciplinary action against Lessard. The discipline stemmed from an incident where Lessard purposely reproduced a client's signature on an application for the purchase of a fixed annuity contract, and then purposely entered false information into his firm's customer contact logs to make it appear that he had a telephone conversation with the client whose signature he had just produced.

11. Based upon the facts described in paragraph 10, above, the Securities Division filed an Administrative Petition, and the Deputy Securities Administrator entered a Summary Order of Postponement of Registration on July 14, 2016.

12. Pursuant to a Consent Order (Final Consent Order 16 SEC 033), the Administrator resolved the administrative proceeding and registered Palmetto and Lessard, pursuant to certain conditions and requirements.

13. Palmetto subsequently filed Form ADV-W on July 3, 2018, and the Administrator terminated its registration in North Carolina effective October 29, 2018.

14. In December 2016, Lessard borrowed money from a client.

15. In April 2018, Lessard borrowed money from another client. A promissory note evidencing the transaction describes Palmetto as borrowing the money; Lessard executed the note on Palmetto's behalf. At this time Lessard, according to IARD filings, was President of Palmetto, a control person and a 50% owner.

16. In a 2019 interview with the Securities Division, Lessard admitted to borrowing money from client accounts. He told the Securities Division that he borrowed money from a client's broker-dealer account, and borrowed money from a client's investment adviser account.

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<sup>2</sup> FINRA is The Financial Industry Regulatory Authority, Inc., a self-regulatory organization that tests, registers, examines, and disciplines firms and persons in the securities brokerage industry.

Lessard later represented to the Securities Division that one client had been repaid in full and as of the entry of this Order, restitution to the other client was in progress.

17. Lessard signed a Consent Order, entered September 12, 2018, by the South Carolina Securities Commissioner, permanently barring him from any aspect of the securities industry in South Carolina. He also entered into an Acceptance, Waiver and Consent with FINRA on April 9, 2019, barring him from association with any FINRA member firm in any capacity.

### CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over Lessard, and over the subject matter of this Order.

2. This Order is entered by the Administrator under the authority granted by the Securities Act and the Investment Advisers Act and the administrative rules adopted thereunder.

3. At the relevant times described in this Order, Lessard was a salesman and investment advisor representative as defined under North Carolina law. N.C. Gen. Stat. §§78A-2(9) and 78C-2(3). Lessard was a registrant under North Carolina law.

4. Lessard was required to comply with North Carolina's laws and administrative rules, and to submit himself to the jurisdiction and oversight of the Administrator.

5. It is generally a dishonest or unethical business practice in the securities business for a salesman to borrow money from a customer. 18 NCAC 06A .1414(c)(1).

6. Lessard borrowed money from clients, as described above, in violation of 18 NCAC 06A .1414(c)(1).

7. Lessard's actions were willful and therefore violations of N.C. Gen. Stat. §78A-39(a)(2)(b), and Lessard is therefore subject to the penalties in N.C. Gen. Stat. §§ 78A-39 and 78A-47. This includes denying, suspending or revoking any registration.

8. Pursuant to N.C Gen. Stat. §78A-39(e), the Administrator may institute an action regarding willful violations or failures within one year after a registrant's withdrawal becomes effective.

9. The entry of this Order is necessary or appropriate in the public interest or for the protection of investors and clients and is consistent with the purposes fairly intended by the policy and provisions of the Securities Act.

### **JURISDICTION, CONSENT AND WAIVER**

Lessard, as evidenced by the authorized signatures on the Consent to Entry of Order, below, affirmatively states and agrees that:

1. The Administrator has jurisdiction over him and the subject matter of this Order;
2. He voluntarily consents to the entry of this Order and understands it is a public document.
3. He has read the contents of this Order and had the opportunity to consult with an attorney prior to the signing of this Order.
4. He freely signs this Order.
5. No threats, promises, or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Order.
6. This Order contains the entire agreement between the undersigned; Lessard understands its effect.
7. He permanently waives any and all rights under the North Carolina Securities Act, the North Carolina Investment Advisers Act, the North Carolina Administrative Procedure Act

(N.C. Gen. Stat. Chapter 150B), and any other law to a *Notice of Hearing*, a hearing, and any other proceedings before the Administrator or other entity to which he may be entitled related to the subject of this Order, including any court of competent jurisdiction. Lessard also permanently waives his rights to seek judicial review of this Order under N.C. Gen. Stat. Chapter 150B, to appeal this Order, or to otherwise challenge either the validity or entry of this Order in any court or administrative agency.

8. This Order resolves this matter without further administrative proceedings.

9. The presentation of this Order to the Administrator and any subsequent discussion of the Order prior to its entry without Lessard, or counsel being present shall not constitute an improper *ex parte* communication between the Administrator and the Securities Division or counsel for the Securities Division.

**NOW, THEREFORE**, the Administrator, pursuant to and under all authority granted by the North Carolina Securities Act and the North Carolina Investment Advisers Act, based upon the forgoing Findings of Fact; Conclusions of Law; and Jurisdiction, Consent and Waiver, does hereby enter the following:

**ORDER**

1. Lessard has filed or caused to be filed Form U5s and withdrawn or terminated all registrations with the Administrator in North Carolina.

2. Lessard will immediately and permanently cease and desist from violating any sections of the North Carolina Securities Act, the North Carolina Investment Advisers Act, and any administrative rules promulgated under either Act.

3. Lessard's registration as a salesman is revoked effective as of May 10, 2018, in the State of North Carolina.

4. Lessard shall not take any action, or make, or permit to be made, any public statement denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

5. This Final Consent Order shall become final upon entry.

**WITNESS MY HAND AND THE OFFICIAL SEAL** of the North Carolina

Department of the Secretary of State, this the 30<sup>TH</sup> day of SEPTEMBER 2019.

Time of entry: 11:46 P.M.



**ELAINE F. MARSHALL**  
**SECRETARY OF STATE OF NORTH CAROLINA** and  
**SECURITIES ADMINISTRATOR, by**

REDACTED

**KEVIN M. HARRINGTON**  
**DEPUTY SECURITIES ADMINISTRATOR**