

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF)	
)	
GARDEN STATE SECURITIES, INC.)	ADMINISTRATIVE ORDER
)	
SCOTT HENRY SARI)	CO-2006- 0027
)	
KEVIN JOHN DEROSA)	
)	
MICHAEL DAVID SHENLOOGIAN)	
)	
RESPONDENTS)	

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. GARDEN STATE SECURITIES, INC ("GARDEN STATE"), Central Registration Depository ("CRD") # 10083, is represented to be a New Jersey domiciled broker-dealer with a business address of 1540 Highway 138, Wall, New Jersey, 07719. GARDEN STATE was previously registered in the State of Alabama from September 13, 1994 to December 14, 1998 and June 9, 1999 to March 18, 2002.

2. SCOTT HENRY SARI ("SARI"), CRD # 2226426, is a broker-dealer agent for GARDEN STATE with a business address of 1540 Route 138, Suite 303, Wall Township, New Jersey 08857. SARI was registered as a broker-dealer agent in Alabama with H. J. Meyers & Company, Inc. (CRD # 15609) from July 28, 1994 to October 5, 1998; and with GARDEN STATE from September 16, 1998 to October 8, 1998.

3. KEVIN JOHN DEROSA ("DEROSA"), CRD # 2314895, is a broker-dealer agent for GARDEN STATE with a business address of 1540 Route 138, Suite 303, Wall Township, New Jersey 08857. DEROSA was registered as a broker-dealer agent in Alabama with Investors

Associates, Inc. (CRD # 958) from May 26, 1993 to November 16, 1993; with M. S. Farrell & Company, Inc. (CRD # 24232) from November 16, 1993 to July 17, 1994; with Investors Associates, Inc. (CRD # 958) from July 12, 1994 to October 21, 1996; with H. J. Meyers & Company, Inc. (CRD # 15609) from October 18, 1996 to October 5, 1998; and with GARDEN STATE from June 9, 1999 to December 3, 1999. DEROSA's current application for broker-dealer agent registration with GARDEN STATE has been pending since January 6, 2006.

4. MICHAEL DAVID SHENLOOGIAN ("SHENLOOGIAN"), CRD # 2381760, is a broker-dealer agent for GARDEN STATE with a business address of 620-A Tinton Avenue, 2nd Floor, Tinton Falls, New Jersey 08857. SHENLOOGIAN was previously registered as a broker-dealer agent in Alabama with GARDEN STATE from January 14, 2000 to December 19, 2000.

STATEMENT OF FACTS

5. On January 6, 2006, GARDEN STATE filed an electronic application for broker-dealer registration in the State of Alabama through the CRD maintained by NASD.

6. On February 10, 2006, a deficiency letter was issued via regular mail to GARDEN STATE requesting, among other things, a description of any prior broker-dealer activity GARDEN STATE had undertaken in the State of Alabama.

7. On February 13, 2006, a visitation letter was issued via certified mail to RBC Dain Rauscher, Inc., GARDEN STATE's clearing firm, to ascertain what broker-dealer business had taken place previously in Alabama.

8. On February 23, 2006, the Commission staff received a response to the visitation letter that was issued to RBC Dain Rauscher, Inc. This response reflected nine open accounts with Alabama investors with a total of 27 securities transactions in the State of Alabama taking place between October 13, 2004 and January 25, 2006. These securities transactions resulted in \$3,002.63 of commission income for GARDEN STATE. The confirmations received from RBC Dain Rauscher, Inc. in the visitation letter response reflected broker-dealer agent codes "WA66" and "WA50" as the agents that effected the securities transactions. "WA50" was labeled as "Scott H. Sari," while "WA66" was labeled as "Kevin DeRosa / Michael Sh." Given the ambiguity of the identity of "Michael Sh" Commission staff contacted Mr. Vincent Bruno, Chief Compliance Officer

for GARDEN STATE for verification of this broker-dealer agent's full name, which was SHENLOOGIAN.

9. On February 28, 2006, GARDEN STATE submitted a response to the deficiency letter which reflected the same information the Commission staff received from the clearing firm (nine open accounts with Alabama investors with a total of 27 securities transactions in the State of Alabama, netting GARDEN STATE commission income of \$3,002.63).

10. On June 14, 2006, the Commission staff issued a Cease and Desist Order against GARDEN STATE, SARI, DEROSA, and SHENLOOGIAN via certified mail for transacting securities in the State of Alabama without benefit of broker-dealer and agent registration.

11. On June 28, 2006, the Commission staff received the written response to the Cease and Desist Order from Mr. Vincent Bruno. Mr. Bruno requested leniency for the respondent agents in this letter based on his assertion that they were not informed of GARDEN STATE's decision to withdraw from Alabama prior to the dates they executed securities transactions on behalf of Alabama investors. Specifically, Bruno cited as mitigating evidence GARDEN STATE's previous practice of withdrawing from a given jurisdiction without notifying the broker-dealer agents that were registered in that state. However, Commission records reflect that SARI and DEROSA were officers of GARDEN STATE when the unregistered activity took place and should have known that registration had not been perfected in Alabama.

CONCLUSIONS OF LAW

12. Pursuant to Section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered. GARDEN STATE acted as a broker-dealer for securities transactions in Alabama that took place while the Company was not registered as a broker-dealer in the State of Alabama. GARDEN STATE employed SARI, DEROSA and SHENLOOGIAN, unregistered agents in the State of Alabama, who affected securities transactions on behalf of Alabama investors.

WHEREAS, GARDEN STATE admits that securities transactions were effected in the State of Alabama by SARI, DEROSA and SHENLOOGIAN without benefit of their registration as broker-dealer agents in Alabama nor was GARDEN STATE registered as a broker-dealer in this State

during the time the securities transactions were effected, and

WHEREAS, this Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act, and

WHEREAS, the Commission and GARDEN STATE are desirous of settling this matter as hereafter set forth and agree to the entry of this Order,

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That RESPONDENT, GARDEN STATE, ensures that proper procedures have been enacted to preclude any future non-compliance with the Act.
2. That in accordance with Section 8-6-19(k)(1), Code of Alabama, 1975, GARDEN STATE shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost of investigating this matter Five Hundred Dollars (\$500.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.
3. That in accordance with Section 8-6-19(j)(1), Code of Alabama, 1975, GARDEN STATE shall pay to the State of Alabama an administrative assessment of One Thousand and Fifty Dollars (\$1,050.00), said funds to be tendered in certified funds contemporaneously with the entry of this Order.
4. That in accordance with Section 8-6-19(2), Code of Alabama, 1975, GARDEN STATE shall offer rescission to the Alabama investors, including interest at 6% per annum, with copies of all correspondence between GARDEN STATE and Alabama investors being forwarded to the Commission.
5. For the GARDEN STATE clients that accept the rescission offer, the investment will be forfeited by the clients and GARDEN STATE shall pay the clients 6% of the invested figure per annum. For the GARDEN STATE clients that decline rescission, those persons shall retain said investments and GARDEN STATE shall disgorge the commissions associated with those securities transactions to the Commission as a supplemental assessment.
6. That the entry of this Order, and successful completion of the rescission process, will

AGREED AND CONSENTED to on date indicated:

RESPONDENT
GARDEN STATE SECURITIES, INC

BY: [Signature]

TITLE: Chief Compliance Officer

DATE: 11/20/06

RESPONDENT
SCOTT HENRY SARI

BY: [Signature]

TITLE: Vice President

DATE: 11/20/06

RESPONDENT
MICHAEL DAVID SHENLOOGIAN

BY: [Signature]

TITLE: Sr. Wealth Advisor

DATE: 11/8/06

RESPONDENT
KEVIN JOHN DEROSA

BY: [Signature]

TITLE: PRESIDENT

DATE: 11/08/06

APPROVED AND AGREED this 22 day of February, 2006. 9007

checks received
Feb 15, 2007 in
compliance w/ this
order

ALABAMA SECURITIES COMMISSION
770 Washington Street, Suite 570
Montgomery, Alabama 36130-4700
(334) 242-2984

BY: [Signature]

JOSEPH P. BORG
Director

