ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF:	*	
Thomas Scott Greeves dba Windsor Asset Management	*	
	*	Securities Docket No. 2003-0710
and	*	
Thomas Scott Greeves	*	
Respondents		

* * * * * * * * * * * * *

FINAL ORDER

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the "Division"), pursuant to the authority granted by section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (1999 Repl. Vol. & Supp. 2003) (the "Securities Act"), undertook an investigation into, and an examination of, the investment advisory activities of Thomas Scott Greeves dba Windsor Asset Management and Thomas Scott Greeves (collectively, "Windsor" or "Respondents"); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the "Commissioner") issued an Order to Show Cause, which is incorporated by reference, requiring each Respondent to show cause why that Respondent's application for renewal registration as an investment adviser in Maryland should not be denied; why each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; and why a statutory penalty of up to $5,000 per violation should not be entered against each Respondent; and

WHEREAS, the Order to Show Cause provided that the failure to file an answer, including a request for a hearing, within fifteen (15) days of service of the Order would result in the entry of a Final Order denying each Respondent's application for renewal registration as an investment adviser in Maryland, imposing on each Respondent a monetary penalty of up to $5,000 per violation of the Act, and barring each Respondent from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged; and

WHEREAS, Respondents have failed to file a timely answer to the Order to Show Cause or to make a written request for a hearing; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Final Order;

NOW, THEREFORE, IT IS HEREBY ORDERED:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Securities Act.

II. PARTIES

2. Melanie Senter Lubin is the Securities Commissioner for the State of Maryland.

3. Thomas Scott Greeves dba Windsor Asset Management ("WAM"), a sole proprietorship, maintained a place of business at 3 Bethesda Metro Center, Bethesda, MD. WAM was registered as an investment adviser in Maryland from October 3, 1995 to December 31, 2003, with the exception of two lapses in registration. WAM failed to renew its registration for calendar year 2004.

4. Thomas Scott Greeves ("Greeves") maintained a place of business at 3 Bethesda Metro Center, Bethesda, MD. Greeves is the sole owner and the president of Respondent WAM. Greeves was the control person and alter ego of WAM, and made all decisions and took all actions on its behalf.

III. FINDINGS OF FACT

Filings with the Securities Division

5. In or about July 1995, Thomas S. Greeves dba Windsor Asset Management submitted to the Division an application for registration as an investment adviser in the State of Maryland.

6. Windsor's initial application disclosed that their investment advisory fees may be deducted directly from clients' accounts. By way of a deficiency letter dated August 24, 1995, the Division notified Windsor that they would be deemed to have custody of clients' funds because of their authority to deduct fees directly from clients' accounts unless 3 conditions were met: (1) the client pre-authorizes the direct deduction payment method, (2) the adviser sends an invoice to clients showing fee basis and calculation, and (3) the custodian sends statements to clients showing all disbursements from the account, including fees.

7. In response to this letter, Windsor represented in writing that they would comply with the conditions listed above. Despite their representation, however, Windsor did not send invoices to their clients and, in effect, exercised custody over clients' assets without notifying the Commissioner or complying with Regulation .04 of the Code of Maryland Regulations ("COMAR") 02.02.05.

8. Also as part of their initial registration application, Windsor was required to make certain certifications to the Commissioner on the "Investment Adviser Certification Form"

("certification form"). As stated on the form itself, such certifications were subject to the "false and misleading" provisions of section 11-303 of the Act. On July 21, 1995, Windsor certified that, as required by Rule .12 [now Regulation .13 of COMAR 02.02.05], they had established and would maintain and enforce written supervisory guidelines. However, such guidelines were never established or maintained by Windsor.

9. Based on their representations in the filings described above, Windsor's registration was made effective on October 3, 1995.

10. In their initial application filed with the Division, Windsor represented that they charged investment advisory fees equal to 1% annually of the first $500,000 of assets under management, and 1/2% annually of all assets thereafter, with a minimum annual fee of $500. Windsor subsequently raised their fees to 1% of the first $1 million with a minimum annual fee of $2,500. However, this material amendment was never filed with, and thus, could not be reviewed by, the Division.

11. Windsor was required to renew their registration with the Division by no later than the 31st of December of each year. Windsor failed to submit an application to renew their registration for calendar year 1996 by December 31, 1995; the application wasn't filed until February 1, 1996. Pursuant to an Undertaking in which Windsor agreed to comply with the Act and the rules and regulations promulgated thereunder, Windsor's registration for calendar year 1996 was made effective in April of that year; creating a lapse in Windsor's registration from January to April.

12. Windsor later failed to submit their annual renewal in a timely manner. The renewal for calendar year 2001 wasn't filed until March 1, 2001. Windsor's registration for 2001 was made effective as of March 1, 2001, with a lapse in registration for the first two months of the year.

However, as evidenced by clients' account statements, Windsor continued to act as an investment adviser and to charge and collect their advisory fees during this lapse in registration.

13. As part of the annual renewal process, Windsor was required to make certain certifications regarding their advisory business. In renewal applications for calendar years 1996 through 2002, Windsor certified, subject to section 11-303 of the Act, that they did not have custody of client assets. In actuality, as discussed above, Windsor had custody of clients' assets.

14. Windsor failed to renew their investment adviser registration for calendar year 2004. On February 9, 2004, Windsor submitted an initial application for registration as an investment adviser. Registration has not been made effective.

Fee Overcharges

15. Windsor disclosed to clients that they charged advisory fees of 1% annually (.25% per calendar quarter) of the value of a client's account(s) up to $1 million, and 1/2% annually thereafter. In fact, in comparing themselves to brokers who charge 3% annually, Windsor's website emphasized the fact that they charged "no more than one percent annually". Windsor further disclosed that fees were to be deducted directly from clients' account(s) each quarter, or four times per year, based upon the value of their account(s) as of the last day of each preceding quarter (i.e. March 31st, June 30th, September 30th, December 31st). The fees were payable in advance of services performed for the quarter. As an example, fees payable for services rendered during the first quarter (January 1st - March 31st) were based upon the client's December 31st account balance.

16. Charles Schwab was the custodian for Windsor's clients' assets. Windsor notified Charles Schwab of the accounts to be debited, and the amount to be deducted, via an upload to Charles Schwab. Based upon the request sent by Windsor, Charles Schwab then debited those

accounts and deposited the fees into Windsor's master account.

17. In or about October 2001, Mr. and Mrs. Ball (the "Balls") became advisory clients of Windsor. The Balls transferred two accounts to Windsor, a jointly held account and an account held in the name of Mrs. Ball only, and agreed to the fee schedule described above.

18. In October 2001, the value of the Balls' accounts approximated $850,000. On or about October 24, 2001, Windsor uploaded to Charles Schwab a request to debit $6,650 from the Balls' jointly held account and $2,000 from Mrs. Ball's individual account, for a total of $8,650. That same day, those fees were debited from the Balls' accounts and deposited into Windsor's master account. Those fees exceeded the fee to which Windsor was entitled by more than $6,000.

19. Windsor did not provide the Balls with an invoice relating to the advisory fees debited from their accounts. No clients received such an invoice.

20. On January 9, 2002, Windsor requested Schwab to debit the Balls' joint account and Mrs. Ball's individual account in the amounts of $2,236 and $515, respectively. Based on a combined account balance of approximately $870,000 as of December 31, 2001, the Balls were overcharged more than $500 for the quarter.

21. Windsor's fee requests soon became very sporadic, often charging the Balls' accounts in consecutive months. On February 5, 2002, less than one month after Windsor received their fee for the first quarter of 2002, Windsor requested $60,000 from the Balls' jointly held account. This fee was debited from the Balls' account and deposited into Windsor's master account. The $60,000 transaction was reversed later that day; however, it immediately was replaced by a $6,000 fee. Despite the fact that Windsor had already collected their advisory fee for the first quarter of 2002, they charged that additional $6,000 to the Balls' accounts.

22. Windsor submitted requests for, and received, fees from the Balls' accounts not quarterly, but in the following months: July 2002, August 2002, October 2002, November 2002, December 2002, February 2003, March 2003, May 2003, and July 2003. Practically every monthly fee deducted by Windsor approximated or exceeded the amount of fees that Windsor would have been entitled to receive for an entire quarter.

23. The Balls terminated their advisory relationship with Windsor in June or July of 2003. By that time, their accounts had been overcharged in excess of $16,000. Their accounts were transferred to another financial adviser who, upon reviewing their accounts, notified the Balls of what he believed to be unusual fee charges to their accounts.

24. Windsor also engaged in overcharging and sporadic charging in the accounts of other clients.

25. In or about November 2001, Mr. Levy notified Windsor that fee withdrawals made from his disabled son's trust account exceeded the agreed-upon fee schedule. Windsor acknowledged an overcharge of $2,812, but rather than refund the client's account, Windsor credited some of the overcharge to advisory fees due during the next quarter.

26. After repeated requests from Mr. Levy, an additional $1,562 was deposited into the client's account in March 2002. In a series of e-mails to Mr. Levy, Windsor blamed the overcharge on the firm processing their fees, when they stated "I called the firm that processes my management fee. Centerpiece . . . has recently started processing management [fees] for advisers that use their software" and "I am no longer doing business with the firm that processed my mgmt fees in 2001." Although Respondents may have used Centerpiece's software to calculate and upload its fees to Schwab, the Centerpiece company did not process those fees. Instead, Respondents inputted all data

relating to its fees, reviewed the final fee calculations, and uploaded those fees to Schwab. Further, the overcharges continued long after 2001 and long after Respondents purportedly severed ties with Centerpiece.

27. Ms. Thomas became an advisory client of Windsor in or about January 2002. With a balance of approximately $119,800 in January 2002, Ms. Thomas' account was immediately assessed a fee of $1,200 on the 16th of January, a fee equivalent to 1% annually of her account value. Further, with quarter ending account balances never exceeding $180,000, Ms. Thomas' account was charged the following: $600 in August 2002, $625 in December 2002, $423 in February 2003, $625 in March 2003, $625 in May 2003, $625 in July 2003, $1,250 in August 2003, $1,000 in September 2003, $625 in October 2003, and $1,500 in November 2003. In 2003 alone, her account was charged seven times, including five months in a row.

28. Ms. Walsh became a client of Windsor in or about March or April of 2000. Ms. Walsh's account also was overcharged. Rather than quarterly as agreed upon, her account was charged six times in 2002 and six times in 2003. In October 2003 alone, a fee of $680 was deducted from her account on October 1st, and an additional fee of $625 was deducted on the 24th of October. Based upon a September 30th account balance of approximately $273,000, Windsor's fourth quarter fee should have approximated only $680; yet another fee of $1,258 was deducted from her account on November 13th.

29. Mr. Bostwick became a client of Windsor in or about June 2002. On June 12th, only two days after his account was transferred to Windsor, Windsor charged and collected a fee of $2,960, a fee that alone represented greater than 1% of Mr. Bostwick's then account balance of approximately $289,000. Despite the overcharge in June, the following month Windsor collected

another fee of $1,000; and in August, another $500 was debited from Mr. Bostwick's account. Fees subsequently were debited from Mr. Bostwick's account in October 2002, December 2002, January 2003, February 2003, April 2003, July 2003, August 2003, September 2003, October 2003, and November 2003. Fees collected during any given month generally approximated or exceeded the amount of fees that Windsor was entitled to receive for an entire quarter. Total overcharges approximated $10,000.

30. Other clients experienced similar overcharges and sporadic withdrawals.

Failure to maintain records

31. The Division conducted an on-site examination of Windsor's investment advisory business in December 2003.

32. During the examination, Windsor was asked to produce certain books and records required to be maintained in the adviser's office by Regulations .13 and .16 of COMAR 02.02.05.

33. Windsor was unable to produce written contractual agreements for many of its clients. Of those contracts produced, the majority had attached to them the old fee schedule that was filed with the Division as part of Windsor's initial application (1% of the first $500,000, and 1/2% thereafter).

34. As a follow-up to the examination, Windsor was asked to produce copies of its contractual agreements with clients. Windsor did not have contracts for some of its clients, so Windsor contacted those clients requesting that they execute contracts. At Windsor's request, those contracts were backdated to the original effective date of the advisory relationship.

35. Windsor also was unable to produce other required books and records including, but not limited to, canceled checks, financial statements, supervisory guidelines, and evidence of an

annual offer of its disclosure brochure.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

36. Respondents engaged in dishonest and unethical practices, and in a fraudulent course of business which operated as a fraud on Respondents' investment advisory clients, in violation of section 11-302(a) of the Act.

37. Respondents omitted to state, and misrepresented, material facts in connection with providing investment advice to clients in violation of section 11-302(c) of the Act.

38. Respondents failed to make an annual offer of their disclosure documents to their advisory clients in violation of sections 11-302(d) and 11-411(b) of the Act.

39. Respondents failed to comply with the custody provisions promulgated under Regulation .04 of the Code of Maryland Regulations ("COMAR") 02.02.05 in violation of section 11-302(f) of the Act.

40. Respondents failed to file audited balance sheets as required by Regulation .17 of COMAR 02.02.05 in violation of section 11-411(c) of the Act.

41. Respondents failed to keep the information contained in their application complete and accurate as required by Regulation .11A(3) of COMAR 02.02.05 in violation of section 11-411(d) of the Act.

42. Respondents made false and misleading statements in documents filed with the Commissioner in violation of section 11-303 of the Act.

43. Respondents failed to make, keep, and preserve certain books and records as required by Regulation .16 of COMAR 02.02.05 in violation of section 11-411(a) of the Act.

44. Respondents filed an application for renewal registration which was misleading with respect to a material fact, and grounds exist for the denial of Respondents' renewal application for investment adviser under section 11-412(a)(1) of the Act.

45. Respondents willfully violated or willfully failed to comply with sections 11-302, 11-303, and 11-411 of the Act, and grounds exist for the denial of Respondents' renewal application for investment adviser under section 11-412(a)(2) of the Act.

46. Respondents engaged in dishonest or unethical practices in the securities or investment advisory business, and grounds exist for the denial of Respondents' renewal application for investment adviser under section 11-412(a)(7) of the Act.

V. SANCTIONS

47. NOW, THEREFORE, IT IS HEREBY ORDERED that:

a. Each Respondent's application for renewal registration as an investment adviser in Maryland is denied.

b. Each Respondent is permanently barred from engaging in the securities or investment advisory business in Maryland for or on behalf of any others, or from acting as principal or consultant in any entity so engaged.

c. Respondents, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of $48,919 for the violations set forth in this Order. Said penalty shall be paid within ninety days of the date of this Order. Payment shall be by certified check payable to the Office of the Attorney General. However, this penalty shall be reduced by the amount of restitution made by Respondents to investors within ninety days of the date of this Order. Payment of restitution shall be by certified check payable to the Office of the

Attorney General and then distributed by the Office of the Attorney General in a manner within its discretion. The civil penalty imposed herein shall be waived completely if investors are repaid in full within ninety days of the date of this Order.

VI. JURISDICTION RETAINED

48. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

SO ORDERED:

Date: _____ , 2004_____

Melanie Senter Lubin
Securities Commissioner