

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:	*	No. 2007-0210
PSA EQUITIES, INC.	*	
and	*	
PSA FINANCIAL ADVISORS, INC.	*	
Respondents.	*	
	* * *	

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General (the "Securities Division") initiated an investigation into the activities of PSA Equities, Inc. ("PSA Equities"), PSA Capital Management, Inc. ("PSA Capital Management") (now defunct), and PSA Financial Advisors, Inc. ("PSA Financial Advisors") (collectively, "PSA" or "Respondents"); and

WHEREAS, the Maryland Securities Commissioner (the "Securities Commissioner") has found that grounds exist to allege that Respondents violated the Maryland Securities Act, contained at Md. Code Ann., Corps. and Ass'ns, §§11-101 *et seq.* (2007 Repl. Vol.) (the "Securities Act"), by engaging in acts or practices constituting violations of the Securities Act; and

WHEREAS, before the holding of a hearing, without trial or final adjudication of any issue of fact or law, and prior to the issuance of a final order in this proceeding, the Securities Commissioner and Respondents have reached an agreement whereby Respondents, without

admitting or denying the Statement of Facts and Findings of Fact and Conclusions of Law contained herein, consent to the terms of this Order:

I.

JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to § 11-701 of the Securities Act.

II.

RESPONDENTS

2. PSA Equities is a broker-dealer firm located in Maryland. PSA Equities has been registered as a broker-dealer in Maryland since January 9, 1985. The firm has been registered as a broker-dealer with the NASD since December 17, 1984.

3. PSA Financial Advisors is an investment adviser firm located in Maryland. PSA Financial Advisors has been registered as an investment adviser with the SEC since September 7, 1999. PSA Financial Advisors makes an annual notice filing of its SEC investment adviser registration with the Securities Division.

4. PSA Equities and PSA Financial Advisors are owned by PSA Financial Center, Inc. They share the same offices in Lutherville, Maryland.

5. Before March 28, 2001, a related company, PSA Capital Management, was a registered investment adviser in Maryland. That company ceased to exist around the time that its

investment adviser registration in Maryland was voluntarily terminated.

6. From March 30, 1995 to August 25, 2004, a respondent in a separate but related matter, Mary M. Deitrick, was affiliated with Respondents. During that time, Deitrick was registered in Maryland as, respectively, a broker-dealer agent and investment adviser representative.

7. From April 7, 1995 to August 26, 2004, Deitrick was registered in Maryland as a broker-dealer agent affiliated with PSA Equities.

8. From November 2, 1995 to September 3, 2004, Deitrick was registered in Maryland as an investment adviser representative affiliated with PSA Capital Management and/or PSA Financial Advisors.

III.

STATEMENT OF FACTS

9. Respondents hired Deitrick as a broker-dealer agent and investment adviser representative. At the time that she was hired, Deitrick already had Josephine Fergo, an elderly widowed New York resident, as a client. Mrs. Fergo then became a PSA client.

10. Mrs. Fergo, who was educated up to ninth grade, was a clerical worker at Bloomingdales in New York for 69 years until her retirement in October 1995. Deitrick was not related to Mrs. Fergo by blood or marriage.

11. During the time that Deitrick was employed by Respondents, Respondents failed to reasonably supervise her activities with respect to Mrs. Fergo.

12. Respondents allowed Deitrick to engage in activities with respect to Mrs. Fergo that

violated the Securities Act and Maryland's investment advisory laws.

The PSA Equities/PSA Financial Advisors Joint Investment Account

13. In 1995, Mrs. Fergo retired from Bloomingdale's department store. Mrs. Fergo's pension account was valued at approximately \$648,000. According to Deitrick, it was in Mrs. Fergo's best interests to take a total distribution from the Bloomingdale's plan. Mrs. Fergo had various options, however, including rolling over the distribution into an IRA.

14. In late 1995, while employed by Respondents, Deitrick arranged for Mrs. Fergo to take a taxable total distribution from the Bloomingdale's pension plan into a non-qualified PSA Equities account, No. LFZ-000607 (previously known as Account No. 58-00096-2). The account was set up using Deitrick's address.

15. According to Deitrick's testimony, she did not provide Mrs. Fergo with any written analysis of the various options available to her with respect to the Bloomingdale's pension monies, nor is there any record of anyone else associated with Respondents having memorialized in writing any advice with respect to the transfer of those monies to Respondents.

16. Mrs. Fergo and her estate incurred more than \$100,000 in taxes as a consequence of the transfer of the Bloomingdale's pension monies from a qualified account into a non-qualified account.

17. In early 1996, Deitrick used \$130,000 in proceeds from Mrs. Fergo's Bloomingdale's pension plan liquidation to establish a PSA Equities joint trading account, No. LFZ-000623 (previously known as Account No. 58-00096-2), for Mrs. Fergo and Deitrick. The account was set up using Deitrick's home address and phone number.

18. Deitrick obtained a letter dated November 30, 1995, purportedly bearing Mrs. Fergo's notarized signature, agreeing to the "unusual arrangement" of depositing \$130,851 into an account in the name of Mrs. Fergo and Deitrick, with commissions to be paid to Deitrick "as the registered representative." The letter stated "I fully understand the risks and ask that you open a joint tenant with rights of survivorship account."

19. Deitrick testified that the notary with respect to the November 30, 1995 letter was Respondents' employee, and that she did not believe that the notary traveled to New York where Mrs. Fergo resided, to notarize Mrs. Fergo's purported signature.

20. The joint Fergo/Deitrick account, No. LFZ-000623 (previously known as Account No. 58-00130-0), was opened on January 10, 1996. After the account was opened, Richard D'Anna, PSA Financial Advisor's Securities Principal, approved the joint account, as memorialized in D'Anna's hand-written notation on Deitrick's stationery dated January 11, 1996.

21. Initially, Mrs. Fergo's social security number was used in the account set-up for Account No. LFZ-000623, making Mrs. Fergo responsible for taxes incurred with respect to the account. Shortly after the account was opened, however, Mrs. Fergo's social security number was removed from the account and replaced by Deitrick's social security number.

22. The taxes due and owing on Mrs. Fergo's total taxable distribution were paid from account No. LFZ-000607, not from the joint account, No. LFZ-000623. Mrs. Fergo was responsible for the sizeable taxes owed on the total taxable distribution from the Bloomingdale's pension plan at around the time of that distribution, *i.e.*, the tax was not deferred. That was the case, notwithstanding that, as Deitrick later testified, Mrs. Fergo "didn't like paying a lot [in taxes]"

23. With respect to account No. LFZ-000623, and virtually every other PSA account in the name of Mrs. Fergo, Deitrick made commissions on purchase and sale transactions in the account. Deitrick also earned a percentage of the investment advisory fee charged on Mrs. Fergo's managed accounts at PSA.

24. Before Mrs. Fergo's death, all of the securities in the joint trading account in the name of Mrs. Fergo and Deitrick were transferred to a PSA Equities account, No. LFZ-870105, in Deitrick's sole name.

The Unity Mutual and Principal Mutual Annuities

25. When she first became employed by Respondents in April 1995, Deitrick counseled Mrs. Fergo regarding her distribution options with respect to a Unity Mutual annuity. At that point, Mrs. Fergo was 89 years old.

26. Although the annuity was in Mrs. Fergo's name, before becoming affiliated with Respondents, Deitrick arranged, by way of a letter Deitrick handwrote to the annuity company, for the address of record to be changed from Mrs. Fergo's to Deitrick's.

27. In April 1995, while affiliated with Respondents, Deitrick arranged the rollover of Mrs. Fergo's Unity Mutual Annuity into another annuity issued by Principal Mutual Life Insurance Company ("Principal Mutual"), with a premium equal to \$136,942.87. Both Deitrick and another PSA Financial, Inc. employee were listed as the servicing agents on the Principal Mutual annuity application.

28. Deitrick selected Principal Mutual for the rollover of Mrs. Fergo's Unity Mutual

annuity because it did not reject annuitants based upon advanced age.

29. According to Principal Mutual employee Lois Brockhart, Deitrick advised her that she “shopped around for a company that would accept her [Deitrick] as a beneficiary on the contract”

30. In arranging for a rollover of the Unity Mutual annuity to the Principal Mutual annuity, Deitrick completed the application using Deitrick’s personal address as Mrs. Fergo’s address. Both Deitrick and her husband were named as a beneficiaries.

31. Ultimately Deitrick and her husband made a claim for 100% of the Principal Mutual annuity – having a value of approximately \$167,000 – upon Mrs. Fergo’s death. To date, the Principal Mutual proceeds have been held in escrow and will be or have been released pursuant to the terms of a consent order issued by the Securities Commissioner against Deitrick, and a settlement agreement between Deitrick, Respondents and the Estate of Josephine Fergo.

32. Prior to the time that Deitrick became affiliated with Respondents, Deitrick arranged for Mrs. Fergo to purchase a \$50,000 annuity issued by Western Reserve Life Insurance, later known as American General Annuity Insurance Company (the “Western Reserve annuity”), and shortly after purchase the primary beneficiary was changed from Mrs. Fergo’s nephew to Deitrick. Mrs. Fergo owned the annuity up until her death.

The Power of Attorney

33. As of June 1994, and continuing through her affiliation with Respondents, Deitrick maintained control over Mrs. Fergo’s financial affairs, holding a power of attorney, prepared by Mrs. Fergo’s New York attorney, on Mrs. Fergo’s behalf. Deitrick’s power of attorney over Mrs. Fergo’s

affairs remained effective until Mrs. Fergo's death in December 1998.

34. Respondents had knowledge that Deitrick acted as a power of attorney for Mrs. Fergo because, while employed by Respondents, Deitrick directed numerous letters to Respondents with respect to Mrs. Fergo's accounts, authorizing various transfers, withdrawals and other securities transactions.

The Trust

35. Around 1997, Deitrick became a trustee over a trust established with respect to Mrs. Fergo's assets. At the same time, Deitrick was made a beneficiary of the trust, which was prepared by Mrs. Fergo's New York attorney.

36. Respondents had knowledge that Deitrick was a trustee with respect to Mrs. Fergo's account because the trust account was set up at PSA Equities. Also Deitrick made clear in letters directed to Respondents that she was a trustee and beneficiary with respect to Mrs. Fergo's trust.

37. While employed by Respondents, Deitrick distributed monies from the PSA Equities trust account to herself. Also Deitrick as trustee over the trust directed that stock held in one of Mrs. Fergo's PSA Equities accounts were transferred to Deitrick and to Deitrick's two minor children.

38. While employed by Respondents, Deitrick inherited more than \$26,000 from Mrs. Fergo's trust upon Mrs. Fergo's death.

The Atlantic Liberty Savings Bank Account and Other Assets

39. While employed by Respondents, and while at PSA's offices, Deitrick became involved in intimate details of Mrs. Fergo's life, arranging for various insurance policies, arranging for her medical care, drafting documents for Mrs. Fergo's signature, and directing the transfer of

monies from her accounts.

40. In 1998, according to Deitrick, she took Mrs. Fergo to the Atlantic Liberty Savings Bank in New York whereupon Mrs. Fergo transferred approximately \$50,000 from an account titled solely in Mrs. Fergo's name to a joint account in the name of Mrs. Fergo and Deitrick.

41. Several days before Mrs. Fergo's death in December 1998, while still employed by Respondents and when Mrs. Fergo's death appeared imminent, Deitrick withdrew all of the monies from the Atlantic Liberty account, thereby closing the account.

42. Deitrick also was listed on Mrs. Fergo's safety deposit box, and accepted numerous gifts of jewelry from Mrs. Fergo. Deitrick even corresponded with Mrs. Fergo's nephew on PSA Financial Center letterhead about the jewelry she received as gifts from Mrs. Fergo.

43. Deitrick was named as the beneficiary of Mrs. Fergo's monthly pension payments from Bloomingdales, totaling approximately \$514 per month.

Respondents' Failure To Fulfill Their Fiduciary Obligations To Mrs. Fergo

44. During the time that Mrs. Fergo was Respondents' client, the firm fully and completely entrusted Deitrick to handle Mrs. Fergo's affairs. The firm failed to make any meaningful inquiry into whether the transactions executed on Mrs. Fergo's behalf comported with her desires or were in her best interests. Nor did the firm inquire into whether Mrs. Fergo, in her 80's, was competent to be delegating financial authority to Deitrick.

45. Respondents' employee, Roger Bair, who was the portfolio manager with respect to Mrs. Fergo's managed accounts with Respondents, testified that he never once met Mrs. Fergo, never once observed her at Respondents' office, and never once spoke with her on the phone. Mr. Bair

further testified that instead he discussed Mrs. Fergo's investment objectives with Deitrick, who provided him with detailed information regarding Mrs. Fergo's finances.

46. Mr. Bair testified that it was important for him, in acting as Mrs. Fergo's portfolio manager, to be aware of all of Mrs. Fergo's assets, however, Mr. Bair could not remember whether he was aware or made aware of the annuities held by Mrs. Fergo as to which Deitrick and/or Deitrick's husband were named as beneficiaries (notwithstanding that at least one of the annuities was purchased through Respondents' insurance affiliate).

47. Mr. Bair agreed during testimony that for a period of about four years when he was "involved in managing Josephine Fergo's accounts," he "had all of his dealings with Mary [Deitrick] in terms of those accounts and "did not have direct dealings with Josephine, even so much as a telephone conversation."

48. Neither PSA Financial Advisors nor any affiliated entities disclosed in writing to Mrs. Fergo, either at the time the joint Fergo/Deitrick account was approved nor anytime thereafter, that by virtue of Deitrick's status as Mrs. Fergo's investment adviser and a person having custody of Mrs. Fergo's monies and other assets, there was a material conflict of interest that could reasonably be expected to impair the rendering of unbiased and objective advice with respect to Mrs. Fergo's financial affairs, as required by Maryland's investment adviser law.

Respondents' Written Supervisory Procedures

49. During Deitrick's affiliation with Respondents, Respondents had certain written supervisory procedures.

50. Although Respondents were unable to produce any written supervisory procedures

for the period 1995 to April 1996, Respondents produced Supervisory Procedures Manuals for PSA Financial Advisors dated May 1997 and June 1998. Respondents also produced a supervisory procedures manual for PSA Equities dated May 1999. Those manuals (collectively the “SPMs”) were substantially similar in content and substance.

51. Each of the SPMs provided for a “Supervisory Officer” who “shall have the responsibility of implementing and reasonably insuring compliance with all aspects of the supervisory procedures set forth in the Manual.”

52. The SPMS also provided that “[a]ll Customer accounts of the Firm shall be reviewed by the S[upervising] O[fficer] on a monthly basis” (emphasis in original).

53. The SPMs provided, *inter alia*, that: “[n]o representative shall act as a trustee or custodian of money, securities, warrants or stock powers for any Customer”; “[n]o representative shall maintain a joint securities account with any Customer or share any benefit with a Customer resulting from a securities transaction”; “[n]o representative shall offer or agree to hold legal or equitable title or possession of any security or any interest in security [sic] on behalf of a Customer”; and “[n]o person shall forward or agree to forward confirmations or statements of account other than to the official post office address of the client.” Those same prohibitions were included in PSA Financial Advisors’ Supervisory Procedures Manuals issued in June 1998, February 2000 and February 2002.

54. While Respondents had SPMs which included a section on “Prohibited Activities,” the SPMs failed to incorporate specific information as to how those policies prohibiting certain conduct would be enforced, and what particular individual(s) was (were) responsible for ensuring

compliance with those policies.

55. Until recently, Respondents' SPMs failed to provide for any special supervision over registered representatives, therefore even though situations may have existed where certain registered representatives were in positions of trust or otherwise involved in situations that demanded a higher degree of supervision, there were no procedures in place to specially monitor those representatives.

56. While employed by Respondents, Deitrick's compliance supervisor up until August 1996 was Richard "Dick" D'Anna. D'Anna joined another firm, and Respondents replaced him with an existing employee, Susan J. Loetell.

57. In 1999, Respondents fired Loetell and replaced her with William Faigey and, later, Donna Teets, Respondent's now-current compliance officer.

Respondents' Supervision Over Deitrick

58. During the time that she was employed by Respondents, Deitrick was trusted to oversee Mrs. Fergo's business affairs. At no time was Deitrick specially supervised in that regard, even though she had a joint account with Mrs. Fergo and later became the 100% owner of certain monies transferred out of that account. Nor was Deitrick reasonably supervised with respect to her relationship and dealings with Mrs. Fergo.

59. While employed by Respondents, Deitrick completed certain compliance questionnaires on behalf of PSA Equities.

60. The 1997 and 1998 Compliance Questionnaires inquired into whether Deitrick had ever "acted as a custodian for securities, stock powers, or money or property belonging to a client (other than immediate family)?"

61. Deitrick answered “no” in both questionnaires. As Respondents were aware, however, Deitrick acted as the trustee of Mrs. Fergo’s trust and as Mrs. Fergo’s power of attorney. Deitrick had possession of Mrs. Fergo’s personal property including jewelry and art.

62. The 1997 and 1998 Compliance Questionnaires inquired into whether Deitrick had ever “co-mingled or deposited checks from customers with any other monies, including any personal, business or trust accounts, of your own?” Deitrick answered “no” in both questionnaires. As Respondents were aware, however, Deitrick’s name was added to Mrs. Fergo’s managed account, and Deitrick directed PSA Equities/Financial Advisors to transfer monies from Mrs. Fergo’s accounts to Deitrick’s and/or Deitrick’s children’s PSA accounts.

63. The 1997 and 1998 Compliance Questionnaires inquired into whether Deitrick had accounts for which she had “the ability to receive mail or change the address?” In 1997, Deitrick answered “no.” As of that date, however, Mrs. Fergo had numerous investments with Respondents which referenced Deitrick’s address, not Mrs. Fergo’s, as the address of record.

64. In 1998, Deitrick answered “yes” to the same question. Respondents’ compliance officer, Loetell, approved of the arrangement, and hand-wrote the name “Fergo” beside Deitrick’s response.

Respondents’ Failure To Timely Report

65. Around February 2000, the Estate of Josephine Fergo filed a lawsuit against Deitrick and PSA Equities in the Nassau County, New York Surrogate’s Court, Case No. 327722. The lawsuit alleged breach of fiduciary duty, fraud and negligence with respect to PSA Equities.

66. In connection with the lawsuit filed by Mrs. Fergo’s Estate, Respondents did not file

a Form U-4 amendment for Deitrick, or Form BD and Form ADV amendments for Respondents, as required by Maryland law and NASD and SEC rules.

67. The Securities Division was unaware of the lawsuit and the allegations against Respondents and Deitrick until the Securities Division was contacted by Carl Fergo in early 2003. Shortly afterwards, the Securities Division contacted Respondents' attorney and inquired into the lack of any reporting.

68. Shortly after the Securities Division's inquiry, Respondents filed a Form U-4 amendment for Deitrick, disclosing the Fergo Estate's lawsuit against her.

NASD Examinations of PSA Equities

69. Over the period 1999-2006, the NASD conducted a number of examinations of PSA Equities.

70. In 1999, the NASD conducted a routine examination of PSA Equities which resulted in a finding of seven violations, including that "PSA maintained an inadequate supervisory system and written procedures"

71. In 2000, the NASD conducted a routine examination of PSA Equities which resulted in a finding that PSA violated NASD Rule 3010 because of inadequate written supervisory procedures.

72. In 2004, the NASD conducted both a routine and a for-cause examination of PSA Equities. Among the NASD rule violations found was NASD Rule 3010. The NASD stated that "[t]he firm failed to properly supervise the activities of its registered representatives, specifically, the trading and other activities of Mary Deitrick as they relate to Josephine Fergo's accounts." The

NASD also expressed concern regarding inadequate supervisory procedures.

73. The NASD also noted that PSA Equities violated NASD Rule 3070(c), in that “[t]he firm inaccurately reported to the NASD information regarding a petition alleging fraud and misappropriation of Josephine Fergo’s assets by registered representative Mary Deitrick.”

74. In a separate document, a letter from the NASD to PSA Equities dated January 14, 2005, relating to the same examinations, the NASD stated that “[t]he firm failed to promptly update the Form U-4 of Mrs. Mary Deitrich [sic] to reflect receipt of Mr. Fergo’s complaint.”

75. In the years 2002, 2004 and 2006, the NASD’s staff conducted examinations of PSA Equities and found problems with various aspects of PSA Equities’ SPMs. In each case, the NASD found that PSA Equities’ SPMs were not adequate to ensure full compliance with applicable NASD rules.

SEC Audits of PSA Financial Advisors

76. In 2001, federal law changed so that investment advisers with assets under management (“AUM”) of \$25 million or more were required only to register with the SEC, and not with the individual states where they did business. Whereas previously PSA Financial Advisors was required to be registered in Maryland as an investment adviser, in 2001 the firm was required to be registered only with the SEC because it met the \$25 million or more in AUM threshold.

77. In the wake of this change in investment adviser registration law in 2001, the SEC conducted an examination of PSA Financial Advisor’s books and records. The SEC had a number of concerns regarding PSA’s activities, including the fact that an employee served as a trustee for client accounts, thereby implicating the SEC’s rules regarding custody of client funds and securities.

PSA Financial Advisors elected to terminate the trust relationships.

78. During the entire time that Deitrick served as a trustee and power of attorney on behalf of Mrs. Fergo, she had custody of Mrs. Fergo's funds or securities. During that entire time, PSA was not in compliance with the SEC's rules relating to custody, as required under Maryland law.

79. The SEC became aware of the situation involving Deitrick's dominion and control over Mrs. Fergo's assets when the SEC conducted a broker-dealer examination of PSA Equities in 2004. The SEC wrote to the Securities Division regarding its concerns and offered to make its files available to the Securities Division in conducting an investigation into Deitrick's activities while employed by Respondents.

80. In a letter dated December 2003, the SEC wrote to Respondents, stating "[i]n contravention of the Rule [3010(a), (b) and (c)], PSA failed to establish and maintain a system to supervise the activities of its registered representatives ("RRs") and associated persons and, further, failed to detect and prevent irregularities and abuses in customer accounts."

81. In that same letter, the SEC wrote that "[s]pecifically, PSA failed to have procedures in place to monitor the trading and other activities of RR Mary Deitrick with regard to customer Josephine Fergo's funds and securities."

82. In that same letter, the SEC wrote that "PSA received a litigation petition alleging breach of fiduciary obligations and wrongful misappropriation of the property of the estate of Josephine Fergo in February 2000, and failed to follow conduct [sic] a thorough review of Josephine Fergo's accounts that was adequate to uncover RR Deitrick's breach of fiduciary responsibilities to

her client [Josephine Fergo].”

83. The SEC also chastised PSA for permitting employees to have joint accounts with customers, stating “[t]he [SEC] staff is concerned with the aspect of a R[egistered] R[epresentative] sharing an account with his/her customer. Other than family members, most registrants strictly prohibit this type of arrangement. The staff questions not only why PSA allows such an arrangement, but also what provisions PSA has instituted for adequately supervising ‘shared’ accounts.”

84. The SEC advised Respondents that the Fergo lawsuit was improperly reported, raising the same concerns as set forth by the NASD in 2004.

85. In response to the SEC’s concerns regarding Deitrick’s handling Mrs. Fergo’s financial affairs, PSA stated that Deitrick “was not involved in any investment decisions” in Mrs. Fergo’s accounts, and, furthermore, that “the trust account was opened upon the advice and under the supervision of Mrs. Fergo’s legal counsel, Mr. Higgins.” The SEC responded in a separate letter dated March 12, 2004 that “PSA compliance, not Mrs. Fergo’s legal counsel, had the responsibility to supervise the accounts she held at PSA including, but not limited to, the activity in the trust account [e]ven though RR Deitrick held a Power of Attorney, PSA ultimately bore the responsibility to review each transaction to assure not only that the instructions contained in the trust agreement were followed, but also that RR Deitrick did not breach her fiduciary obligations.”

IV.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

86. In connection with the facts described in the Statement Of Facts contained herein, which are incorporated herein by reference, Respondents PSA Equities, Inc. and PSA Financial Advisors, Inc. engaged in activities that are subject to sanction under §§11-412(a)(2) and 11-412(a)(7) of the Securities Act for failure to reasonably supervise an agent, Mary M. Deitrick, and activities in violation of §§11-301, 11-302, and 11-411(d) of the Securities Act.

V.

**CONSENT TO CEASE AND DESIST
AND OTHER RELIEF**

87. NOW, THEREFORE, IT IS HEREBY **ORDERED**, and Respondents PSA Equities and PSA Financial Advisors expressly consent and agree that:

a. Respondents are assessed a fine equal to \$70,000, which fine is waived in light of Respondents' payment, made at the time of the issuance of this Consent Order, of \$60,000 by check made payable to "Office of the Attorney General," the proceeds of which shall be used by the Securities Division to pay \$60,000 in restitution to the Estate of Josephine Fergo. Furthermore, Respondents shall be responsible for directly paying to the Estate of Josephine Fergo one half of the amount, if any, by which the proceeds from Respondents' indemnity insurance policy, covering certain defense costs incurred by Deitrick in connection with the Fergo matter, are less than \$80,000. Respondents will cause any monies remaining under that policy, which Respondents anticipate to be approximately \$80,000, to be used to pay the Estate of Josephine Fergo.

b. Within 30 days of the issuance of this Order, Respondents shall at their own expense hire an unaffiliated, independent consultant (the "Independent Consultant"), to be approved by the Securities Division in advance, to review Respondents' compliance and supervisory policies and procedures for the purpose of issuing a report of recommended additions, changes and/or revisions to its compliance and supervisory programs (the "Independent Consultant Report" or "Report").

1. The Independent Consultant's analysis shall focus on, but not be limited to, compliance enhancements designed to mitigate or prevent the development of conflicts of interest between PSA agents and their clients, and the proper enforcement of PSA's compliance and supervisory policies and procedures.

2. Respondents shall provide the Independent Consultant with a copy of this Consent Order from the outset of his or her analysis.

3. The Independent Consultant Report shall include a time table for the implementation of the Independent Consultant's recommendations.

4. Within five days after issuance of the Independent Consultant Report, Respondents shall provide the Securities Division with a copy of the Report.

5. Respondents shall take all steps necessary to implement the recommendations of the Independent Consultant within the time frame recommended in the Report.

c. Respondents shall permanently cease and desist from failing to reasonably supervise its agents.

d. Respondents shall in all future activities in Maryland comply fully with the Securities Act and regulations promulgated thereunder.

VI.

SCOPE OF SETTLEMENT

88. This Consent Order relates only to the Securities Commissioner, Respondents and Respondents' principals. This Consent Order does not waive or relinquish the Securities Commissioner's right to take any action against any other persons, nor does it prevent the Securities Commissioner from bringing any action against Respondents relating to any acts or omissions not specifically raised in this Consent Order.

VII.

JURISDICTION RETAINED

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

90. If Respondents fail to comply with any term of this Consent Order, the Securities Commissioner may institute administrative or judicial proceedings against Respondents to seek to enforce this Consent Order, to sanction Respondents for violating an Order of the Securities Commissioner or for making a misrepresentation of material fact upon which this Order was based, and may take any other action authorized under the Securities Act or under any other applicable law, including the issuance of fines or penalties as provided by the Securities Act. In any such proceeding in which, after an opportunity for a hearing, the Securities Commissioner or the court finds that Respondents have violated this Consent Order, the Securities Division may also seek other sanctions for the violations that initiated this matter. For the purpose of determining those sanctions, the Statement of Facts and violations of the Securities Act set forth in this Consent Order shall be deemed admitted, and may be introduced into evidence against Respondents.

91. In the event that judicial intervention in this matter is sought by the Securities Commissioner or Respondents, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant to §11-702 of the Securities Act. Respondents agree that that Court will have personal jurisdiction over Respondents, and that venue will be properly in that Court.

92. The terms of this Consent Order may only be vacated or modified by a subsequent order issued by the Securities Commissioner.

DATE OF THIS ORDER:

February 11 , 2008

SO ORDERED:

**Commissioner's signature is
on file with original document**

Melanie Senter Lubin
Securities Commissioner

CONSENTED TO:

_____, 2008

PSA Equities, Inc.

BY: _____

Please print name and title:

On this _____ day of _____, 2008, personally appeared _____, signer of the foregoing Consent Order, who did duly acknowledge his/her signature to be his/her free act and deed, and that he/she was duly authorized to enter into this Consent Order on behalf of PSA Equities, Inc.

Notary Public

My Commission Expires: _____

Seal:

PSA Financial Advisors, Inc.

BY: _____

Please print name and title:

On this _____ day of _____, 2008, personally appeared _____, signer of the foregoing Consent Order, who did duly acknowledge his/her signature to be his/her free act and deed, and that he/she was duly authorized to enter into this Consent Order on behalf of PSA Financial Advisors, Inc.

Notary Public

My Commission Expires: _____

Seal: