

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
233 RICHMOND STREET  
PROVIDENCE, RHODE ISLAND 02903

_____ )	
IN THE MATTER OF: )	DBR Nos. 05-I-0046
)	05-S-0026
MICHAEL J. PALAZZO )	
)	
Respondent. )	
_____ )	

**CONSENT ORDER**

The Director of the Rhode Island Department of Business Regulation (“Department”) enters into this Consent Order pursuant to the Rhode Island Uniform Securities Act of 1990 (“RIUSA”), § 7-11-101 *et seq.*, of the Rhode Island General laws, 1989, as amended, and R.I. Gen. Laws § 27-2.4-1 with regard to the above-referenced Respondent. The parties hereto agree to resolve this matter by entering into this Consent Order separate and apart from the consolidated matter of Alfredo A. Cardi, DBR No. 05-0027 and DBR No. 05-I-0045. All future statutory references shall be to the Rhode Island General Laws.

1. It is the position of the Department that Respondent Palazzo, engaged in certain conduct that the Department set forth in the Amended Notice of Intent to Revoke or Suspend License (“Notice”) dated March 25, 2005 in DBR No. 05-S-0026 and the Order to Show Cause (“Order”) dated February 22, 2005 in DBR No. 05-I-0046.
2. Respondent Palazzo was licensed by the State of Rhode Island Department of Business Regulation Securities Division (“Securities Division”) as a sales representative of United Securities Alliance, Inc. from March 5, 2001 until July 20, 2005 pursuant to R.I. Gen. Laws §7-11-101 *et seq.*

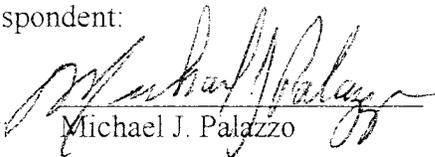
3. Respondent Palazzo is licensed by the State of Rhode Island Department of Business Regulation Insurance Division ("Insurance Division") as an insurance producer holding Rhode Island license number 1050695 with authority to sell Life, Health, Accident or Sickness and/or Variable Life and Variable Annuity insurance.
4. There have been no previous securities or insurance violations alleged by the Department against Palazzo.
5. Respondent Palazzo has denied the material allegations set forth in the Notice and Order, has requested a hearing with respect to the allegations and represents that he is prepared to defend this matter on the merits.
6. The Respondent has agreed to enter into this Consent Order, without any admission of liability or wrongdoing.
7. Accordingly, it is hereby agreed that:
  - a. Upon execution of this Consent Order, Respondent Palazzo agrees to abide by the NASD Letter of Caution (attached hereto as Exhibit A);
  - b. Respondent Palazzo shall comply fully with RIUSA and the rules promulgated thereunder;
  - c. Upon execution of this Consent Order, Respondent Palazzo shall pay administrative costs in the amount of Ten Thousand dollars (\$10,000) to the Department, \$5,000 of which shall be paid upon signing this Order and \$5,000 to be paid within 30 days of signing this Order;
  - d. As a condition of licensure by the Securities and Insurance Divisions, Respondent Palazzo shall not ever recommend that a consumer refinance a mortgage for the purpose of using the proceeds to purchase securities or insurance products; nor shall Respondent ever transact or facilitate a securities

or insurance investment if Respondent has knowledge of ~~the~~ fact that the refinancing was conducted for the purpose of obtaining funds ~~for~~ investment.

- e. This Consent Order is in full resolution of all matters and complaints that have come to the attention of the Department in the course of its investigation to the date of this Consent Order. The Department agrees to take no further action against Respondent beyond the terms of this Consent Order, to revoke, deny renewal of, or take other action with regard to Respondent's securities or insurance licenses based upon any of the facts or complaints that have come to the attention of the Department during the investigation through the date of this Consent Order. However, nothing herein shall preclude the Department from either investigating or instituting administrative proceedings as a result of complaints received after the date of this Consent Order.
- f. Nothing herein shall preclude the Department from initiating an administrative proceeding for allegations not contained in the Notice or Order, or that became known during the pendency of these administrative proceedings, for violation of this Consent Order or for new violations not encompassed by this Consent Order.

CONSENTED TO AS TO FORM AND SUBSTANCE BY:

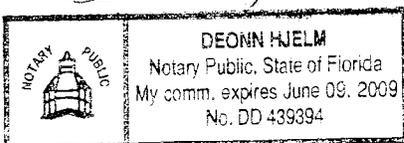
Respondent:

By:   
Michael J. Palazzo

Attorney of Record:

  
Linn F. Freedman (#4778)  
Nixon Peabody LLP  
One Citizens Plaza  
Providence, RI 02903  
Tel.: (401) 454-1108  
Fax: (866) 807-6614

  
Deonn Hjelm 7/6/06



Department:

By: Richard W. Bernstein, Esq.  
Richard W. Bernstein, Esq.  
Executive Counsel  
Department of Business Regulation

Date: 8/22/06

By: Maria L. D'Alessandro  
Maria L. D'Alessandro, Esq.  
Associate Director and  
Superintendent of Securities

Date: August 22, 2006

Recommended by: Catherine R. Warren  
Catherine R. Warren, Esq.  
Hearing Officer

Date: 9/13/06

I hereby  approve \_\_\_\_\_ reject the Consent Order as agreed to by and between the parties in the above entitled matter.

Order Number: 06-253

Entered: ~~June~~ <sup>September</sup> 18, 2006

  
\_\_\_\_\_  
A. Michael Marques  
Director of Business Regulation

**THIS CONSENT ORDER CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO RHODE ISLAND GENERAL LAWS TITLE 42, CHAPTER 35. AS SUCH, THIS CONSENT ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MAY BE COMPLETED BY FILING A PETITION FOR REVIEW IN SAID COURT. HOWEVER, RESPONDENT UNDERSTANDS THAT BY WAIVING HIS RIGHTS TO A COMPLETE HEARING AND AGREEING TO THIS CONSENT ORDER, THE ABOVE RIGHTS ARE WAIVED AND IF ANY TERMS OF THIS CONSENT ORDER ARE VIOLATED, RESPONDENT'S LICENSES ARE SUBJECT TO REVOCATION.**

**EXHIBIT A**Corrected Version

May 15, 2006

Via Certified/Return Receipt &: 7001 1940 0004 9542 3937  
First Class U.S. MailMr. Michael J. Palazzo, Sr.  
1640 Pippin Orchard Rd  
Cranston, RI 02921RE: Matter ID: 2005-000-3646  
Letter of Caution

Dear Mr. Palazzo:

We have completed our investigation into the circumstances surrounding the Rule 3070 Notification disclosing your termination from United Securities Alliance, Inc. Based upon our review of all information available, the staff has authorized this Letter of Caution to be issued to caution you concerning the following deficiency:

**NASD Conduct Rule 2110** – Providing your former employer, United Securities Alliance, Inc., with customer account documentation, which inaccurately represented customer net worth in that the figure provided included the value of the customer's primary residence when the account form asked for this value to be excluded and/or the figure provided to the firm was overstated by the amount of a home equity loan taken out by the customer. In addition, it was also noted that the customers who took home equity loans did so through your outside business activities in Secure Lending.

You are requested to provide a written response to this letter no **June 1, 2006** outlining the steps you have taken or plan to take to ensure future compliance with the rules and regulations above.

For your information, a Letter of Caution is not included in the Central Registration Depository nor must it be reported on Form U-4. However, as it is a cautionary action, in accordance with long-standing NASD practice, it will be taken into consideration in determining any future matter should repeat violations occur.

If you have any questions, please contact John McCann, Sr. Compliance Examiner at 617-532-3467 or his supervisor, Ken Ashton, at 617-532-3406.

Sincerely,

A handwritten signature in black ink that reads "Frederick McDonald". The signature is written in a cursive style with a large, stylized "F" and "M".

Frederick McDonald  
District Director  
FMCD/ps

cc: United Securities Alliance, Inc., Jeff Cannella