

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF)	
)	
DIVINE CAPITAL MARKETS LLC)	ADMINISTRATIVE ORDER
)	
STEVEN WILLIAM CHAREST)	NO. CO-2006-0029
)	
<u>RESPONDENTS</u>)	

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. DIVINE CAPITAL MARKETS LLC ("DIVINE"), Central Registration Depository ("CRD") # 118212, is a New York broker-dealer, with a business address of 39 Broadway, 36th Floor, New York, New York, 10006.

2. STEVEN WILLIAM CHAREST ("CHAREST"), CRD # 2297411, is a New York broker-dealer agent, with a business address of 39 Broadway, 36th Floor, New York, New York, 10006.

STATEMENT OF FACTS

3. On January 10, 2006, DIVINE filed an electronic application for broker-dealer registration in the State of Alabama via CRD.

4. On January 17, 2006, the Commission staff conducted a review of the filing submitted by DIVINE and issued a deficiency letter requesting, among other things, a statement regarding whether any prior securities transactions had taken place in the State of Alabama.

5. On January 17, 2006, the Commission staff sent visitation letters via certified mail to the seven firms listed on DIVINE's CRD record under "introducing arrangements" or under "custody and clearing arrangements." Responses to six of the seven visitation letters were received between January 24, 2006 and February 16, 2006.

6. On February 7, 2006, the response to the deficiency letter sent to DIVINE was received at the Commission. Director of Compliance for DIVINE, Ms. Yolande Black ("BLACK") stated a total of 24 securities

transactions had taken place from February 2005 to September 2005 on behalf of one Alabama investor. The total commissions earned for these securities transactions were \$4,241.00. CHAREST was identified as the broker dealer agent effecting the securities transactions on behalf of DIVINE.

7. On April 21, 2006, a call was made to Mr. Gene Porter ("PORTER"), Director of Global Licensing and Insurance Registration for Merrill Lynch Pierce Fenner and Smith, Inc. ("MERRILL LYNCH") due to the fact no response had been received to the visitation letter that was sent certified on January 17, 2006 with return receipt signed for on January 23, 2006 and delivered back to the Commission on January 25, 2006.

8. On April 25, 2006, Commission staff faxed a copy of the visitation letter and the executed certified mail receipt after speaking with PORTER regarding the need for a response to the letter. PORTER assured the Commission that an associate would call in the next several days to address the matter promptly.

9. On May 15, 2006, the Commission staff received the visitation letter response from MERRILL LYNCH. This included two additional securities transactions that took place on behalf of the Birmingham investor on April 20, 2006 which was over 11 weeks after the acknowledgement was received from BLACK that DIVINE had indeed engaged in securities transactions in Alabama without benefit of registration in this State. The visitation letter responses from STERNE AGEE CAPITAL MARKETS, INC. and MERRILL LYNCH, reflected a total of 27 securities transactions (including two cancelled securities transactions) were effected by DIVINE on behalf of one Alabama investor from March 30, 2004 to April 20, 2006 with total commissions earned totaling \$4,241.00;

10. On June 21, 2006, a Cease and Desist Order was issued to DIVINE and CHAREST for transacting securities on behalf of Alabama investors without benefit of broker dealer and broker-dealer agent registration, respectively;

11. DIVINE has responded to the Alabama Securities Commission's inquiries and has represented that:
- (a) DIVINE's business is substantially all institutional in nature and the individual sales were inadvertently done without registration;
 - (b) DIVINE has instituted procedures to prevent similar occurrences in the future;
 - (c) The transactions represented one client account.
 - (d) DIVINE has cooperated during the investigation into the prior sales matter.

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. DIVINE acted as a broker-dealer for a transaction in Alabama that took place prior to the Company's registration. DIVINE employed CHAREST, an unregistered agent in the State of Alabama, who affected 27 securities transactions on behalf of an Alabama investor.

WHEREAS, DIVINE admits that securities transactions were effected in the State of Alabama by CHAREST

without benefit of broker-dealer registration for DIVINE, nor broker-dealer agent registration for CHAREST, and

WHEREAS, in accordance with Section 8-6-19(2), Code of Alabama, 1975, DIVINE made a rescission offer to the Alabama investor, who rejected the rescission offer on August 9, 2006, 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 DIVINE are desirous of settling this matter as hereafter set forth and agree to the entry of this Order, and

WHEREAS, DIVINE'S counsel and Commission staff have agreed in principle on the terms of settlement of this matter, including this Consent Order,

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That RESPONDENT, DIVINE, ensures that proper procedures are enacted to preclude any future non-compliance with the Act.

2. That in accordance with Section 8-6-19(j)(1), Code of Alabama, 1975, DIVINE shall pay to the State of Alabama an administrative assessment in the sum of \$4,241.00, said funds to be tendered in certified funds contemporaneously with the entry of this Order.

3. That in accordance with Section 8-6-19(k)(1), Code of Alabama, 1975, DIVINE shall pay to the Alabama Securities Commission the sum of \$1,000 as partial payment of the Commission's cost of investigating this matter, said funds to be tendered in certified funds contemporaneously with the entry of this Order.

4. That the entry of this Order will resolve Cease and Desist Order CD-2006-0029.

AGREED AND CONSENTED to on date indicated:

RESPONDENT
DIVINE CAPITAL MARKETS, LLC

BY: 

TITLE: CEO

DATE: 8-28-06

APPROVED AND AGREED this 5th day of September, 2006.

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

BY:


JOSEPH P. BORG
Director

