

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333

IN RE

Hawthorne Investment Management, LLC

CONSENT AGREEMENT
No. 01-074-CAG

This Consent Agreement is entered into between the Office of Securities and Hawthorne Investment Management, LLC ("HIM"), a limited liability company organized pursuant to the laws of Delaware and with a principal place of business in Bethel, Maine.

WHEREAS the parties agree as follows:

1. At all relevant times, it has been unlawful in Maine for a person to act in Maine as an investment adviser unless licensed or exempt from licensing pursuant to the Revised Maine Securities Act, 32 M.R.S.A. § 10303(1).
2. On or about June 16, 2000, HIM submitted an application to the Office of Securities¹ to be licensed as an investment adviser in the State of Maine. HIM's application was accepted and became effective on September 7, 2000.
3. On or about November 20, 2000, during an examination that the Office of Securities conducted at HIM's office in Bethel, Maine, HIM disclosed that it had been acting as an investment adviser in Maine since the latter part of 1999.
4. HIM voluntarily withdrew from licensure as an investment adviser in Maine effective April 19, 2002.
5. On or about May 7, 2002, HIM submitted a new investment adviser license application to the Office of Securities.

¹ On September 21, 2001, the name of the Department of Professional and Financial Regulation, Bureau of Banking, Securities Division, was changed to the Department of Professional and Financial Regulation, Office of Securities.

6. On or about June 7, 2002, the Office of Securities issued a Notice of Intent to Issue an Order to Deny a License to HIM, on the ground that HIM had acted as an investment advisor in Maine without being licensed or exempt from licensing.
7. HIM has represented to the Office of Securities that its unlicensed activity was inadvertent and the result of a mistake, and that no Maine consumers were thereby harmed.
8. Both parties desire an expeditious resolution of this matter.

NOW, THEREFORE, without trial or adjudication of any issue of fact or law, and without HIM admitting or denying that its conduct violated the Revised Maine Securities Act, it is agreed that:

1. The Office of Securities shall review HIM's May 7, 2002, license application within 15 days after execution of this Consent Agreement. The license shall become effective after the last of any additional information requested by the administrator or the administrator's designee has been filed, provided that all other licensure requirements have been satisfied.
2. The Office of Securities shall not deny HIM's license application based on the conduct alleged in the Notice of Intent to Issue an Order to Deny a License and resolved by the execution of this Consent Agreement, nor shall the Office of Securities deny the license application based solely upon its review of materials already in its possession.
3. Once licensed, HIM shall comply with all licensing and other legal requirements governing persons acting as investment advisors in Maine.
4. For the first two years after the execution of this Consent Agreement, HIM shall:
 - a. Provide to the Office of Securities, for each investment advisory client that HIM obtains, a copy of the signed investment advisory contract within one week of its execution, along with an affidavit stating that HIM has delivered Part 2 of Form ADV to the client and that HIM has otherwise complied with all statutory and regulatory requirements with respect to that client;
 - b. Not solicit investment advisory clients through advertising to the public; and
 - c. Make a good faith, reasonable effort to locate and retain an independent compliance officer at its own expense. If HIM retains such a person, HIM shall notify the Office of Securities of that person's name, address, and telephone number. The compliance officer shall perform a review of HIM's

books and records on no less than a quarterly basis for a period of at least two years from the date of retention. The compliance officer shall provide the Office of Securities with an annual, detailed report of these reviews.

5. If HIM has not retained a compliance officer in accordance with the above paragraph by the end of the two-year period, HIM shall provide the Office of Securities with an affidavit stating the reasons therefor, including a detailed accounting of HIM's efforts to locate and retain such a person.
6. The proceedings referenced in the Notice of Intent to Issue an Order to Deny a License are dismissed by execution of this Consent Agreement.

Date: November 15, 2002

/s/ David A. Conary
David A. Conary
Manager
Hawthorne Investment Management, LLC

Date: December 2, 2002

/s/ Christine A. Bruenn
Christine A. Bruenn
Securities Administrator

Approved by:

Date: December 2, 2002

/s/ Bonnie E. Russell
Bonnie E. Russell
Supervisor of Enforcement

Presented by:

Date: November 27, 2002

/s/ Michael W. Atleson
Michael W. Atleson
Staff Attorney
(licensed in NY and MA, pending in ME)