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STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW  
OAL Docket No.: BOS 02376-2008S  
OAL Docket No.: BOS 02917-2008S

IN THE MATTERS OF:

KATHLEEN MARIA MULLINS,  
(CRD#2790621)

Respondent.

**ADMINISTRATIVE  
CONSENT ORDER AS TO  
KATHLEEN MARIA MULLINS**

This matter was commenced by the issuance of a Summary Denial Order ("Summary Order") by the Bureau of Securities ("Bureau") on February 14, 2008 against John Edwards Mullins ("John Mullins"), CRD# 1007176, and Kathleen Maria Mullins ("Kathleen Mullins"), CRD# 2790621, which summarily denied agent and investment adviser representative registration to John

Mullins and Kathleen Mullins. John Mullins and Kathleen Mullins, through counsel, answered and contested the Summary Order. The matter was timely transmitted by the Bureau to the Office of Administrative Law.

The Acting Chief of the Bureau, Amy Kopleton ("Bureau Chief"), in the interest of preserving resources and without prejudicing the public interest, and Kathleen Mullins have agreed to resolve any and all issues in controversy in this matter on the terms set forth in this Administrative Consent Order ("Consent Order").

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

The Bureau Chief makes and Kathleen Mullins accepts and consents, without admitting or denying the findings, prior to a hearing and without adjudication of any issues of law or fact, to the entry of the following findings by the Bureau Chief:

1. Kathleen Mullins (CRD #2790621) residing in Margate, New Jersey, at all times relevant herein, has been the spouse of John Mullins. Kathleen Mullins was registered with the Bureau as an agent and investment adviser representative of Morgan Stanley from approximately June 28, 2002 until August 16, 2006. During their association with Morgan Stanley, Kathleen Mullins and John Mullins worked together from Morgan Stanley's

offices located at 1601 New Road, 1<sup>st</sup> Floor, Northfield, New Jersey.

2. Esther C. Weil ("Esther") (deceased 2/2/2008) and her husband Paul H. Weil ("Paul") (deceased 12/14/1999) (collectively, the "Weils") became clients of John Mullins in 1981 while he was associated with Bache, Halsey, Stuart and Shields (later acquired by Prudential Securities, Inc.). At the time both Esther and Paul were over 70 years of age, retired and well recognized in the music community in southern New Jersey and Philadelphia for their philanthropic activity. Neither Paul nor Esther had any children or immediate family. Over time John Mullins and Kathleen Mullins socialized with the Weils and became close in their personal and philanthropic lives.
3. John Mullins and Kathleen Mullins frequently dined and attended social events with the Weils. The Weils told John Mullins and Kathleen Mullins that they wanted to leave them in their will a Philadelphia apartment the Weils owned.
4. John Mullins and Kathleen Mullins were involved in the intimate and personal aspects of Esther's life. John Mullins and Kathleen Mullins helped Esther write out her checks to pay personal obligations and to fund her philanthropic efforts. On occasion, Esther's only writing on the checks was her signature. On October 17, 2003, Esther, through her attorney,

executed general powers of attorney authorizing John Mullins and Kathleen Mullins to serve as agents on her behalf.

5. In December 1999, Esther established the Esther C. and Paul H. Weil Foundation, Inc. (the "Foundation") as a tax exempt, non-profit corporation. The Foundation's purpose was to facilitate her charitable works involving music by distributing her assets through the Foundation. Esther was named as president of the Foundation. John Mullins was named as vice president of the Foundation and Kathleen Mullins as secretary and treasurer of the Foundation. John Mullins and Kathleen Mullins were also named as members to the Foundation's Initial Board of Trustees ("Board"). The Foundation's largest beneficiaries included the Choral Arts Society and the Kimmel Center for the Performing Arts of Philadelphia.

6. Following Paul's death, Esther continued to maintain accounts in her own name and the Foundation's name at Prudential Securities, Inc. In June 2002, Esther transferred her accounts from Prudential Securities to Morgan Stanley, coinciding with John Mullins and Kathleen Mullins' new employment at Morgan Stanley. Esther also opened additional accounts at Morgan Stanley. John Mullins was the financial adviser for each of these accounts. In July 2003, the role of financial adviser for the Foundation account was transferred



to Kathleen Mullins by Morgan Stanley branch personnel. Debit cards were issued for Esther's accounts and the Foundation's account.

7. In March 2005, when the Mullins were engaged in the construction of a home valued at approximately \$1.2 million, Esther made a loan of \$100,000 to John Mullins and Kathleen Mullins. The loan was repaid within days after origination. This financial transaction contradicted Morgan Stanley's written policies against taking loans from clients and was not timely disclosed to Morgan Stanley.
8. Starting on November 25, 2005, Morgan Stanley's policies prohibited financial advisers from becoming a beneficiary of a client's will, except in instances involving family members. Morgan Stanley's policies also required the disclosure of outside business activities, prohibited an adviser from acting as an officer of a client organization without disclosure to and authorization from Morgan Stanley and prohibited advisers from acting as a fiduciary of a client without prior authorization of the firm. As part of its compliance procedures, Morgan Stanley required its financial advisers to complete annual certifications attesting to the financial adviser's activities relating to these and other subject matters.

9. Morgan Stanley's policies cited above are consistent with industry practices, and long established principles of trade in the securities industry.
10. Kathleen Mullins did not disclose to Morgan Stanley at any time the fact that the Mullins were told that they might be inheriting real estate valued at approximately \$350,000 to \$400,000 from the Weils, a non-family member client of the firm.
11. Kathleen Mullins did not disclose to Morgan Stanley at any time the fact that she was named as a fiduciary with respect to Esther, contrary to Morgan Stanley's stated policy.
12. Kathleen Mullins was also an officer of the Foundation, a client of the firm, without prior disclosure to and approval from Morgan Stanley, contrary to the firm's policies. Additionally, Kathleen Mullins completed and signed the 2003, 2004, and 2005 Morgan Stanley Financial Adviser Compliance Questionnaires without properly disclosing her fiduciary role as the Foundation's secretary and treasurer.
13. Commencing with Esther's illness in the Spring 2006, at the age of 95, and continuing until John Mullins' and Kathleen Mullins' dismissal from Morgan Stanley on August 14, 2006, there were financial transactions by John Mullins withdrawing funds against the Foundation's account at Morgan Stanley. John Mullins misapplied Foundation assets by making unauthorized

use of the Foundation's assets, including gift cards, which benefitted himself and his wife, Kathleen Mullins. The unauthorized use of the Foundation's assets went undetected by the Foundation's Board, including the Treasurer, Kathleen Mullins. Kathleen Mullins alleges that she did not knowingly benefit from John Mullins' misuse of Foundation assets.

14. In June 2006, with the knowledge of Esther, the Foundation attorney, and at the suggestion of the Foundation accountant, John Mullins attended a not-for-profit industry conference hosted by the American Institute of Certified Public Accountants in Washington, D.C. The conference meeting was held on June 15 and June 16, 2006, at the Grand Hyatt Washington. John Mullins flew from Philadelphia, P.A., to Washington, D.C. on June 13, 2006. Kathleen Mullins joined him on June 15, 2006, flying first class from Philadelphia, P.A., to Washington, D.C., at an expense of over \$800, which was subsequently billed back to the Foundation. John Mullins and Kathleen Mullins returned to Philadelphia together on June 17, 2006.

15. Pursuant to N.J.S.A. 49:3-58(a)(2)(vii), Kathleen Mullins has "engaged in dishonest or unethical practices in the securities, commodities, banking, insurance or investment advisory business," which is grounds to deny, suspend, or

revoke the agent and investment adviser representative registration of Kathleen Mullins, by:

- a. Failing to disclose her role as a fiduciary for Esther Weil and her position as officer and trustee of the Foundation to Morgan Stanley on Morgan Stanley compliance questionnaires;
  - b. Failing to disclose that she may be a beneficiary in a client's Last Will and Testament, in violation of Morgan Stanley's compliance policies and procedures; and
  - c. Accepting a loan from a client, Esther, and failing to disclose the loan to Morgan Stanley, in violation of the firm's compliance policies and procedures.
16. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to deny the agent and investment adviser representative registrations of Kathleen Mullins.
17. Based upon the foregoing and pursuant to N.J.A.C. 13:47A-3.1(e), the Bureau may require Kathleen Mullins to enter into an agreement requiring heightened supervision and other restrictive conditions as a condition of granting that agent's application for registration, as stated herein.
18. The activities set forth herein are grounds, pursuant to N.J.S.A. 59:3-70.1, to assess a monetary penalty of \$10,000



for the first violation and \$20,000 for each subsequent violation of the Securities Law.

**THEREFORE**, based on the foregoing findings of facts and conclusions of law, and a finding that this Consent Order is in the public interest,

**IT IS** on this 25<sup>th</sup> day of May 2011, **AGREED THAT:**

19. Kathleen Mullins consents to the Bureau Chief's February 14, 2008 denial of her agent and investment adviser representative registrations and shall not apply to be registered in any capacity with the Bureau until after the execution date of this Consent Order.
20. Kathleen Mullins may apply for registration with the Bureau after the expiration of the period set forth in paragraph 19 of this Consent Order, above, but such application shall be subject to and contingent upon, qualification by examination for the registrations Kathleen Mullins seeks to obtain in the State of New Jersey, and such other requirements as set forth in this Consent Order.
21. Kathleen Mullins may only apply to the Bureau for registration as an agent, if such employment is provided through a broker-dealer or an affiliate of the broker-dealer. Kathleen Mullins shall not apply to the Bureau for registration as an investment adviser representative or act as an investment adviser representative. Kathleen Mullins shall not act in a

supervisory capacity with respect to any person registered with the Bureau.

22. If Kathleen Mullins applies for registration with the Bureau and her application is accepted, her registration will be restricted with a Heightened Supervision Agreement. The Heightened Supervision Agreement shall be required to be signed by the employing firm, her supervisor and Kathleen Mullins. The terms of the Heightened Supervision Agreement will be finalized during her application process.
23. Kathleen Mullins is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10, and 11 and subsection (b).
24. Kathleen Mullins is denied all exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g).
25. Kathleen Mullins is assessed a civil monetary penalty in the amount of \$18,000 pursuant to N.J.S.A. 49:3-70.1. Of the \$18,000 civil monetary penalty, Kathleen Mullins shall pay:  
(1) \$2,000 upon her application to register with the Bureau;  
(2) \$6,000 on the one year anniversary of the date she becomes registered with the Bureau; (3) \$6,000 on or before the two year anniversary of the date she becomes registered with the Bureau; and (4) \$4,000 on or before the three year anniversary of the date she becomes registered with the Bureau. However,

Kathleen Mullins shall make all payments in full on or before July 18, 2014 regardless of her efforts to apply to register or become registered with the Bureau. All payments shall be made payable to the "Bureau of Securities, State of New Jersey," and mailed to P.O. Box 47029, Newark, New Jersey 07101. If any payment is not paid by any due date, the Bureau may summarily suspend Kathleen Mullins registration with the Bureau, which Kathleen Mullins shall not contest.

26. If Kathleen Mullins conducts any securities business to, from or within New Jersey without being properly registered with the Bureau, the Bureau Chief may summarily revoke Kathleen Mullins' registration, which Kathleen Mullins shall not contest.
27. Kathleen Mullins will comply with all the terms of this Consent Order. If Kathleen Mullins fails to comply with any term of this Consent Order, the Bureau Chief may summarily revoke Kathleen Mullins' registration, which Kathleen Mullins shall not contest.

**GENERAL PROVISIONS**

28. Pursuant to N.J.A.C. 1:1-19.1(d) this Consent Order shall be deemed the final decision as to Kathleen Mullins.
29. No employee or official of, or person representing, the Bureau or the State of New Jersey has made any additional promise or

representation to the Kathleen Mullins regarding this Consent Order.


30. This Consent Order is to be filed with the Clerk of the Office of Administrative Law, as required by N.J.A.C. 1:1-19.1(c)(2), as soon as practicable after it is fully executed.
31. This Consent Order shall not bind any person not a party thereto. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.
32. Kathleen Mullins agrees that for purposes of this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

NEW JERSEY BUREAU OF SECURITIES


BY: Amy Kopleton  
Amy Kopleton  
Acting Chief



PAULA T. DOW  
Attorney General of New Jersey

By:   
Toral M. Joshi  
Deputy Attorney General

Dated: May 25, 2011

By:   
Emanuel S. Asmar  
Deputy Attorney General

Dated: MAY 25, 2011

  
Mrs. Kathleen Maria Mullins

Dated: 5-25-11

The undersigned counsel for  
Kathleen Mullins consents to the  
form and entry of this Consent Order.

By:   
Richard DeVita, Esq.  
1228 Garden Street  
Hoboken, NJ 07030

Dated: 6/25/11