

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84970 / December 26, 2018

INVESTMENT ADVISERS ACT OF 1940
Release No. 5099 / December 26, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18961

In the Matter of

STEPHEN T. CARBONELLA,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen T. Carbonella (“Carbonella” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act Of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. At various points from August 1995 through April 1999, Carbonella was a registered representative associated with broker-dealers registered with the Commission. From February 2007 to October 2011, Carbonella was associated with a dually-registered investment adviser and broker-dealer. From October 2011 to September 2015, Carbonella was associated with LPL Financial, a dually-registered investment adviser and broker-dealer located in Boston, Massachusetts. Carbonella, 60 years old, is a resident of East Haven, Connecticut.

2. On September 12, 2018, in an action brought by the U.S. Attorney's Office for the District of Connecticut, Carbonella pled guilty to one count of theft, embezzlement, or misapplication by a bank officer or employee in violation of Title 18 United States Code, Section 656 before the United States District Court for the District of Connecticut, in United States v. Stephen Carbonella, Case No. 3:18-CR-00145-RNC.

3. The one count of the criminal charge to which Carbonella pled guilty alleged, among other things, that Carbonella, between about February 2003 through about April 2017, while employed at Webster Bank Corporation ("WBC"), a bank insured by the Federal Deposit Insurance Corporation, knowingly and willfully embezzled at least \$879,016.48 from WBC, primarily by taking money from account holders' Certificate of Deposit accounts. The criminal charge also alleged that Carbonella took affirmative steps to conceal his embezzlement, including forging customers' signatures and fraudulently altering certificates of deposits.

4. The conduct to which Carbonella pled guilty occurred at times when, in addition to being a bank employee, Carbonella was associated with various broker-dealers and/or investment advisers.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Carbonella's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Carbonella be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Carbonella be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent J. Fields
Secretary