

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 23, 2006

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

FORTUNATO AND COMPANY, INC.
D/B/A FORTUNATO FINANCIAL SERVICES
and
MADELINE C. FORTUNATO,

CASE NO. SEC-2005-00054

CASE NO. SEC-2005-00056

Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that the Defendant, Fortunato and Company, Inc. d/b/a Fortunato Financial Services ("FCI"), violated § 13.1-504 C (i) of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, by employing two (2) unregistered investment advisor representatives, and violated Securities Rule 21 VAC 5-80-170 B by failing to exercise diligent supervision over the advisory activities of all of its investment advisor representatives, in that the Defendant failed to supervise the required legal registration of its investment advisor representatives. It is further alleged that the Defendant, Madeline C. Fortunato, violated § 13.1-504 A (ii) of the Act by transacting business in the Commonwealth as an investment advisor representative prior to being registered, and violated Securities Rule 21 VAC 5-80-170 C by failing to exercise reasonable supervision over the advisory activities of all investment advisor representatives under the Defendant's responsibility, in that the Defendant failed to supervise the required legal registration of FCI's investment advisor representatives.

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PROPERTY CONTROL

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendants' registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, and by § 13.1-521 of the Act to impose certain monetary penalties upon a finding by the Commission, after notice and opportunity to be heard, that the Defendants have committed the aforesaid alleged violations.

The Defendants neither admit nor deny these allegations, but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission, wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will immediately discontinue offering or conducting any investment advisory business until such time as the investment advisor representatives are properly registered.

(2) The Defendant, FCI, will refrain from displaying its website until such time as the issues listed in the deficiency letter of July 21, 2005, are corrected.

(3) The Defendants agree to refrain from any further conduct that constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(4) The Defendants will not violate the Act in the future and will pay to the Commission the amount of three thousand dollars (\$3,000) to defray the cost of investigation pursuant to § 13.1-518 of the Act.

(5) The Defendants will pay to the Treasurer of the Commonwealth of Virginia the amount of eight thousand dollars (\$8,000) in monetary penalties pursuant to § 13.1-521 of the Act.

The Division has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia.

THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants will fully comply with the aforesaid terms and undertakings of this settlement;

(3) The Defendants will pay to the Commission the amount of three thousand dollars (\$3,000) to defray the cost of investigation and pay to the Treasurer of the Commonwealth the amount of eight thousand dollars (\$8,000) in monetary penalties;

(4) This case is dismissed and the papers herein shall be placed in the file for ended causes; and

(5) Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to
Madeline C. Fortunato, Fortunato and Company, Inc. d/b/a Fortunato Financial Services, 4301
Commuter Drive, Suite 102, Virginia Beach, Virginia 23462; and Joel R. Nied, Esquire,
Troutman Sanders LLP, 222 Central Park Avenue, Suite 2000, Virginia Beach, Virginia 23462.

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ADMISSION AND CONSENT

The Defendants, Fortunato and Company, Inc. d/b/a Fortunato Financial Services and Madeline C. Fortunato, admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, neither admit nor deny the allegations made herein by the Division of Securities and Retail Franchising, and hereby consent to the form, substance and entry of the foregoing Settlement Order.

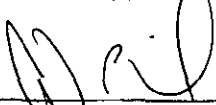
The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Fortunato and Company, Inc.
d/b/a Fortunato Financial Services

Date: 11/3/05

By: Madeline C. Fortunato
Madeline C. Fortunato

Seen and Approved By:



Joel R. Med, Esquire
Troutman Sanders LLP
222 Central Park Avenue, Suite 2000
Virginia Beach, Virginia 23462