



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
ROBERT J. WODICKER, CRD No. 2336465)
) Case No.: AP-17-14
)
) *Respondent.*)
)
Serve:)
)
)
Robert J. Wodicker)
7536 Shadybridge Drive)
St. Louis, Missouri 63129)

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
CIVIL PENALTIES, COSTS, AND OTHER ADMINISTRATIVE RELIEF
SHOULD NOT BE IMPOSED**

On June 12, 2017, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Sandra J. McDowell, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed (“Petition”). After reviewing the Petition, the Commissioner issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Summary of Allegations

The Petition alleges that from April 2015 to July 2015, Robert J. Wodicker (“Wodicker”), a registered investment adviser representative and broker-dealer agent with LPL Financial, LLC (“LPL”), deposited an elderly client’s funds, totaling \$100,000, into his personal bank account for a purported real estate investment not authorized by LPL. Wodicker paid \$100,000 back to the elderly client involved in the real estate investment after the client’s daughter complained to Wodicker. Additionally, Wodicker recommended the elderly client liquidate an annuity that, unbeknownst to the client, caused a \$42,398.84 surrender charge. In addition, Wodicker received two personal loans from another LPL client totaling \$20,000. Wodicker paid the second client

\$10,000 for the first personal loan plus \$2,000 interest using funds received from the elderly client involved in the real estate transaction. Wodicker failed to pay the second client back for the second personal loan in the amount of \$10,000. Wodicker was terminated by LPL on or about January 20, 2016, for violating LPL's policy by receiving client funds into Wodicker's personal account. LPL has compensated both clients for their losses.

B. Respondent and Related Parties

1. LPL Financial, LLC ("LPL") is a federal-covered investment adviser, registered with the Securities and Exchange Commission ("SEC") since August 1975, and has notice-filed in Missouri since March 1991, with a home address of 75 State Street, 22nd Floor, Boston, Massachusetts, 02109. LPL has also been a Missouri-registered broker-dealer since July 1983, and is registered in Missouri through the Central Registration Depository ("CRD") with number 6413.
2. Wodicker was a broker-dealer agent and investment adviser representative with LPL from November 28, 2014 to January 22, 2016, and is assigned CRD number 2336465.

C. Enforcement Section's Investigation

3. On or about April 26, 2016, the Enforcement Section opened an investigation on Wodicker after receiving information from LPL regarding LPL's termination of Wodicker on or about January 20, 2016, for depositing a client's funds into Wodicker's personal bank account for a purported real estate investment not authorized by LPL.
4. In an April 22, 2016 letter from LPL to the Enforcement Section, LPL said, among other things, the following:
 - a. on July 6, 2015, LPL received a telephone call from the daughter of a then 75-year-old O'Fallon, Missouri LPL client, identified as "MR1";
 - b. MR1's daughter was upset at Wodicker for withdrawing \$100,000 from MR1's LPL account for a real estate investment. After MR1's daughter complained to Wodicker about the investment, Wodicker returned the funds in three payments, the last payment being June 6, 2015. All payments were deposited into MR1's personal bank account;
 - c. on January 8, 2016, LPL interviewed Wodicker about the real estate transaction with MR1. Wodicker "acknowledged obtaining a \$100,000 personal check from [MR1's] bank account for purposes of facilitating a real estate transaction";
 - d. Wodicker "further acknowledged he deposited the check into his bank account and then obtained two cashier's checks for escrow and the title company";
 - e. MR1's daughter contacted Wodicker "to reverse [MR1's] position in the real estate investment"; and

- f. on January 20, 2016, LPL terminated Wodicker “for violating firm policy by receiving client funds into his personal account in connection with a potential real estate investment.”

Interview with MR1 & MR1’s Daughter

5. On May 5, 2016, the Enforcement Section interviewed MR1 and MR1’s daughter who said, among other things, the following:
 - a. MR1 and MR1’s daughter had been clients of Wodicker’s since August or September 2013, when Wodicker was affiliated with Wells Fargo Advisors;
 - b. approximately 1 ½ years later, Wodicker contacted MR1 and MR1’s daughter to inform them that Wodicker would be moving to LPL and sought permission to transfer their accounts to LPL, which MR1 and MR1’s daughter granted;
 - c. Wodicker later contacted MR1 and told MR1 that MR1’s Pacific Life Annuity purchased at Wells Fargo could not be serviced at LPL and requested to switch MR1 to another annuity offered through LPL. MR1 agreed to the transaction, but MR1 was unaware that MR1 would incur a \$42,398.84 surrender charge and other fees as a result of surrendering the Pacific Life Annuity;
 - d. Wodicker began to solicit MR1 for a real estate investment, in particular, a house located at 2711 Tenbrook Drive, in Arnold, Missouri, valued at \$300,000;
 - e. MR1 gave Wodicker a \$100,000 check for the investment, but didn’t receive any paperwork for the transaction. MR1 was unaware that the investment was not through LPL. Wodicker was not clear regarding how MR1 would be paid back for the investment or the return on investment MR1 could expect to receive;
 - f. when MR1’s daughter learned about the real estate investment, she began to question Wodicker about the transaction but received little information. Finally, when MR1’s daughter questioned who would occupy the house, Wodicker responded “the family and I are going to move into it.”;
 - g. MR1’s daughter demanded Wodicker pay MR1 back, which Wodicker eventually did;
 - h. after talking to others about this transaction, MR1’s daughter was encouraged to make a report with LPL; and
 - i. MR1’s daughter was aware Wodicker was terminated by LPL for the real estate transaction. Soon after the termination, MR1’s daughter received some “aggressive” text messages from Wodicker blaming MR1’s daughter for Wodicker’s termination.

Review of MR1's LPL Statements

6. A review of MR1's LPL Investment Account statement during the month of April 2015, indicates a \$100,000 withdrawal occurred on April 29, 2015, for "ACH DIRECT DEPOSIT."

Review of MR1's Reliance Bank Account

7. MR1 provided the Enforcement Section copies of MR1's bank records which indicated:
 - a. a \$100,000 deposit on April 30, 2015 for "LPL CREDIT";
 - b. check #1906, dated April 30, 2015, payable to Wodicker in the amount of \$100,000 for "Investment";
 - c. a \$75,000 deposit from Wodicker on May 28, 2015;
 - d. a \$10,000 deposit from Wodicker on May 29, 2015; and
 - e. a \$15,000 wire from Wodicker's wife deposited on June 9, 2015.

Review of Wodicker's Bank Records

8. A review of Wodicker's American Eagle Credit Union account ending in #7322 from April 15, 2015 to May 8, 2015, revealed, among other things, the following:
 - a. Wodicker was the sole signatory on the account;
 - b. a beginning balance of \$5.21 on April 15, 2015;
 - c. check #1906 from MR1 payable to Wodicker for "Investment" in the amount of \$100,000 deposited on May 1, 2015;
 - d. \$75,000 withdrawn and a cashier's check payable to Wodicker on May 6, 2015;
 - e. \$1,000 withdrawn and a cashier's check payable to Investor's Title on May 6, 2015;
 - f. \$12,000 withdrawn and a cashier's check payable to MR2 described below on May 6, 2015;
 - g. \$11,980 in other withdrawals; and
 - h. an ending balance of \$13.21 on May 8, 2015.

MR1's Pacific Life Annuity

9. The Enforcement Section contacted Pacific Life and learned, among other things, the following:
 - a. MR1 purchased the variable life annuity through Wodicker and Wells Fargo on September 24, 2013;
 - b. on December 18, 2014, MR1 requested to change the servicing broker to LPL. Wodicker remained the servicing broker of record;
 - c. on April 9, 2015, MR1 requested a full surrender of MR1's annuity; and
 - d. MR1 incurred a \$42,398.84 surrender charge as a result of surrendering the annuity.
10. In a March 3, 2017 letter to the Enforcement Section, LPL indicated that MR1 did not have to surrender the Pacific Life Annuity and that LPL and Wodicker could have continued to service it.

Request for Information Letter to Wodicker

11. On or about August 4, 2016, Wodicker acknowledged that he received the Enforcement Section's letter requesting information. Wodicker indicated that he would respond; however, Wodicker could not respond by the date requested due to a health issue.
12. Eventually, Wodicker stopped answering the Enforcement Section's telephone and email messages. The Enforcement Section emailed Wodicker one last time on October 19, 2016, asking that a written response be submitted by October 28, 2016. To date, Wodicker has not responded to the Enforcement Section's request for information.

Wodicker Response to FINRA

13. Among the documents LPL provided to the Enforcement Section included an email response to a FINRA representative from Wodicker dated December 18, 2015. In responding to the FINRA representative regarding the transaction with MR1, Wodicker said, among other things:
 - a. Wodicker and MR1 frequently discussed real estate investments. During a "casual" conversation, Wodicker told MR1 about a local property that was in distress;
 - b. Wodicker had no financial interest in the property;
 - c. there was never a loan from MR1 to Wodicker or any type of loan agreement;

- d. the home had a renter in place that would provide MR1 with a steady stream of income; and
- e. Wodicker denies that he and his family were going to move into the home.

Missouri Resident 2 (“MR2”)

14. On December 13, 2016, the Enforcement Section interviewed a 57-year-old Barnhart, Missouri resident identified as “MR2.” MR2 told the Enforcement Section, among other things, the following:
- a. MR2 met Wodicker approximately five years ago when Wodicker was associated with Wells Fargo;
 - b. MR2 became a client of Wodicker’s and MR2 moved MR2’s account to LPL when Wodicker moved to that firm;
 - c. MR2 is disabled and retired;
 - d. Sometime in April 2015, Wodicker solicited a \$10,000 personal loan from MR2. Wodicker promised to pay the funds back within 30 days along with \$2,000. MR2 agreed to extend the loan to Wodicker and MR2 received a promissory note from Wodicker. The funds for the loan were withdrawn from MR2’s LPL account and deposited into MR2’s personal bank account. MR2 then wrote a \$10,000 check payable to Wodicker;
 - e. Wodicker paid back the loan on or about May 6, 2015 via a \$12,000 cashier’s check payable to MR2 from Wodicker’s personal bank account. The Enforcement Section would learn the source of the funds for the payment appeared to be derived from MR1’s investment described above;
 - f. In July 2015, Wodicker again solicited MR2 for a \$10,000 personal loan. Since Wodicker paid the first loan with interest on time, MR2 agreed to extend the loan. The funds were withdrawn from MR2’s LPL account and deposited into MR2’s personal bank account. MR2 then wrote a \$10,000 check payable to Wodicker, but MR2 did not receive a promissory note for this transaction; and
 - g. Wodicker failed to pay any funds back to MR2 for the second loan. MR2 asked Wodicker for the funds back several times, but MR2 only received excuses why Wodicker could not repay the funds. Eventually, Wodicker failed to respond to MR2’s telephone and email messages.
15. LPL paid \$42,398.84 to MR1 for the Pacific Life Annuity surrender charge and \$10,000 to MR2 for the second loan that Wodicker failed to pay back to MR2.

II. COMMISSIONER'S DETERMINATIONS AND FINDINGS

Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities

16. **THE COMMISSIONER DETERMINES** that Respondent offered and/or sold unregistered, non-exempt securities in the State of Missouri by, among other things:
 - a. soliciting MR1 and MR2 to invest with Respondent;
 - b. receiving funds from MR1 and MR2;
 - c. promising a return on the investments of MR1 and MR2 that was dependent upon the efforts of others and not on the efforts of MR1 and MR2; and
 - d. pooling MR1 and MR2's investment funds with Respondent's personal funds.
17. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo (2016).¹
18. The investments that Respondent offered and/or sold constitute securities as that term is defined in Sections 409.1-102(28).
19. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondent.
20. Respondent offered and sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003.
21. At the time Respondent engaged in the conduct set forth above, MR1 was over 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
22. Respondent's conduct in violation of Section 409.3-301 constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Several Violations of Engaging in Dishonest and Unethical Practices

23. **THE COMMISSIONER FURTHER DETERMINES** that Respondent engaged in dishonest and unethical practices in the securities business in the State of Missouri by, among other things:
 - a. depositing MR1's funds into his personal bank account for a purported real estate investment not authorized by LPL;

¹ Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

- b. falsely telling MR1 that LPL could no longer service MR1's Pacific Life Annuity causing MR1 to liquidate the annuity and incur a \$42,398.84 surrender charge;
 - c. soliciting and receiving at least two personal loans from MR2;
 - d. using funds from MR1's investment to pay MR2 back for the first personal loan;
 - e. failing to pay MR2 for the second personal loan; and
 - f. failing to inform LPL about MR1's real estate investment and MR2's loans to Wodicker.
24. Respondent was registered as a broker-dealer agent and investment adviser representative in the State of Missouri at the time these activities occurred.
25. Respondent committed several violations of Section 409.4-412(d)(13).
26. Respondent's dishonest and unethical activities constitute grounds to discipline Respondent, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.4-412.

Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in an Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of Securities

27. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of securities, Respondent made untrue statements or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited:
- a. falsely telling MR1 that LPL could no longer service MR1's Pacific Life Annuity causing MR1 to liquidate the annuity and incur a \$42,398.84 surrender charge;
 - b. failing to tell MR1 that Respondent would use funds from MR1's investment to pay MR2 back for the first personal loan; and
 - c. failing to tell MR2 that Respondent used funds from MR1's investment to pay MR2 back for the first personal loan.
28. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security, Respondent engaged in an act, practice or course of business that would operate as a fraud or deceit upon another person by, among other things:

- a. depositing MR1's funds into his personal bank account for a purported real estate investment not authorized by LPL;
 - b. falsely telling MR1 that LPL could no longer service MR1's Pacific Life Annuity causing MR1 to liquidate the annuity and incur a \$42,398.84 surrender charge;
 - c. using funds from MR1's investment to pay MR2 back for the first personal loan; and
 - d. failing to repay MR2 for the second personal loan, and providing excuses for why Wodicker could not repay the funds.
29. At the time Respondent engaged in this conduct, MR1 was over the age of 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
30. Respondent made untrue statements of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-501, and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
31. This Order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

III. ORDER

NOW THEREFORE, it is hereby ordered that Respondent, his agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301 by offering or selling any securities as defined by Section 409.1-102(28), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301; and
- B. Section 409.5-501 by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

IV. STATEMENT

Pursuant to Section 409.4-412, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$50,000 against Respondent for several violations of Sections 409.4-412(d)(2) and 409.4-412(d)(13);
- B. an order censuring Respondent for violations of Section 409.4-412; and
- C. an order barring Respondent from providing investment advice and/or transacting business as a broker-dealer agent in the State of Missouri.

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's request for:

- A. \$15,000 against Respondent for multiple violations of 409.3-301 when at least one of these violations were committed against an elderly person;
- B. \$15,000 against Respondent for multiple violations of Section 409.5-501 when at least one of these violations were committed against an elderly person; and
- C. an order against Respondent to pay the costs of the investigation in this proceeding, awarding an amount to be determined after review of evidence of the amount submitted by the Enforcement Section.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 19th DAY OF JUNE, 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE



DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
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) Case No.: AP-17-14
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) *Respondent.*)
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Serve:)
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Robert J. Wodicker)
7536 Shadybridge Drive)
St. Louis, Missouri 63129)

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Sections 409.6-604(b), 409.4-412(f) RSMo (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of June, 2017, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Costs, and Other Administrative Relief Should Not Be Imposed in the above styled case was **sent by U.S. Certified mail to:**

Robert J. Wodicker
7536 Shadybridge Drive
St. Louis, Missouri 63129

and hand delivered to:

Sandra J. McDowell,
Director of Enforcement
Securities Division
Missouri Secretary of State's Office
600 West Main Street, Room 229
Jefferson City, Missouri 65101



Laurie Dawson
Securities Office Manager