

STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
IVAN T. NORTH, CRD No. 6602994, ) Case No.: AP-17-27  
 )  
Respondent. )

**CONSENT ORDER**

**SUMMARY OF SECURITIES DIVISION’S ALLEGATIONS**

1. The Missouri Securities Division of the Office of Secretary of State (“Securities Division”), through the Director of Enforcement Sandra J. McDowell, has alleged that Ivan T. North (“North”) violated Section 409.4-404(a), RSMo. (2016)<sup>1</sup> by, among other things, conducting multiple transactions as an unregistered investment adviser representative. These violations constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondent and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to the Respondent’s alleged violations of Section 409.4-404(a).

**CONSENT TO JURISDICTION**

3. Respondent and the Securities Division stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondent and the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

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

## WAIVER AND EXCEPTION

5. Respondent waives Respondent's right to a hearing with respect to this matter.
6. Respondent waives any rights that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondent stipulates and agrees with the Securities Division that, should the facts contained herein prove to be false or incomplete in a material way, the Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

## CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Securities Division stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent's (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Securities Division, but consents to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

## COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

### I. FINDINGS OF FACT

#### A. Respondent and Third Parties

12. North is a 55 year-old Missouri resident and maintains an office address of 618 Spirit Drive, Suite 100, Chesterfield, Missouri 63005. A check of the Central Registration Depository ("CRD") indicates that North, CRD number 6602994, has been registered in Missouri as an investment adviser representative with Brookstone since January 13, 2016.

13. At all times relevant to this matter, North has been licensed through the Department of Insurance, Financial Institutions & Professional Registration (“DIFP”) to offer or sell insurance in Missouri from January 12, 1993, to the present with a license number of 0286299.

B. Enforcement Section Investigation

14. During the years of 2014 and 2015 (“the Relevant Period”), North sold fixed-indexed annuities (“FIAs”) and other insurance products to Missouri residents through solicitation activities and subsequent, follow-up consultations.
15. At these consultations, North met with customers, reviewed customers’ investments and securities held in brokerage accounts, and recommended that some of the customers liquidate securities in order to purchase FIAs.
16. North requested customers bring “all financial statements” with them to these consultations. North then reviewed those financial statements that often included information on securities, brokerage accounts, and/or advisory accounts.
17. During the Relevant Period, at least three customers of North liquidated securities to purchase FIAs. Of these customers, at least two of them were more than 60 years of age.
18. During the Relevant Period, North earned commissions on the sale of FIAs that were funded, in whole or in part, by the liquidation of securities from customers’ accounts.
19. North did not become registered as an investment adviser representative until January 13, 2016.
20. During the Relevant Period, North transacted business as an investment adviser representative in Missouri without being registered or exempt from registration, by, among other things, the following:
  - a. recommending that customers liquidate securities to purchase FIAs;
  - b. assisting customers initiate the sale of securities to fund the purchase of FIAs; and
  - c. receiving commissions for these FIA purchases.

## II. CONCLUSIONS OF LAW

21. The Commissioner finds Respondent transacted business as an unregistered investment adviser representative, in violation of Section 409.4-404(a) and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
22. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Securities Division, finds and concludes that the Commissioner has jurisdiction over Respondent and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

## III. ORDER

**NOW, THEREFORE,** it is hereby Ordered that:

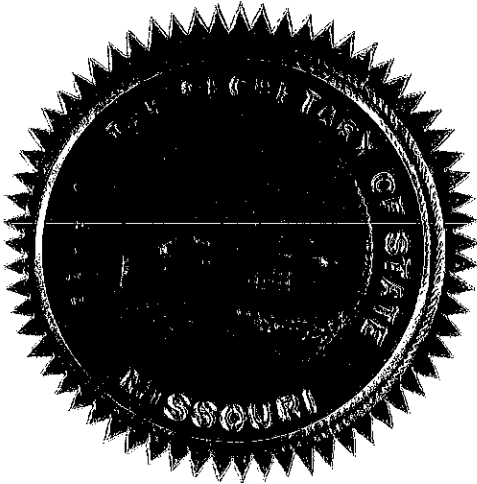
23. Respondent, his agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this Order are permanently enjoined and restrained from violating Section 409.4-404(a).
24. Respondent is hereby CENSURED.
25. Respondent shall pay \$15,000 to the Investor Education and Protection Fund. Of this amount, \$2,500 shall be paid within 30 days of the effective date of this Consent Order. The remaining \$12,500 shall be suspended provided Respondent complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of three from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that Respondent has violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. The payment shall be made payable to the Missouri Investor Education and Protection Fund and sent to the Missouri Securities Division at 600 West Main Street, Jefferson City, Missouri 65101.
26. Respondent shall pay \$2,000 as the cost of this investigation. This amount shall be suspended provided Respondent complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of three years from the date of execution of this Consent Order. This suspended amount shall become due immediately upon the sooner of (1) Respondent's noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction, that Respondent has violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law. The payment shall be made payable to the Missouri Investor Education and Protection Fund and sent to the Missouri Securities Division at 600 West Main Street,

Jefferson City, Missouri 65101.

27. After three years from the date of this Consent Order, provided Respondent has complied with all terms of this Consent Order, all suspended payments referenced in paragraphs 25 and 26 above shall be waived.
28. Respondent shall pay his own costs and attorney's fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 9<sup>th</sup> DAY OF November, 2017.



JOHN R. ASHCROFT  
SECRETARY OF STATE

  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

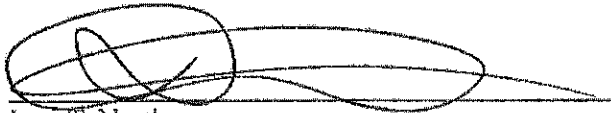
Consented to by:

THE ENFORCEMENT SECTION OF THE  
MISSOURI SECURITIES DIVISION



Sandra J. McDowell  
Director of Enforcement  
Counsel for Petitioner

RESPONDENT



Ivan T. North

Approved as to form



Jane L. Stafford  
Attorney for Respondent