



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
JOSEPH ALAN LIKENS, CRD No. 3084903,) Case No.: AP-17-30
)
Respondent.)

CONSENT ORDER

SUMMARY OF THE ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement Saundra J. McDowell, has alleged that Joseph Alan Likens (“Likens” or “Respondent”) engaged in dishonest and unethical practices by selling unapproved investments in Missouri, while registered as a broker-dealer agent and investment adviser representative in violation of Section 409.4-412(d)(13), RSMo. (2016),¹ and that this constitutes grounds to discipline Respondent pursuant to Sections 409.4-412 and 409.6-604.
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Section 409.4-412.

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section 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 Enforcement Section 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.”

¹ 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 Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent and the Enforcement Section 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 defense of litigation or in defense of other legal proceedings 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 Enforcement Section, 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 Related Parties

12. Likens, Central Registration Depository ("CRD") number 3084903, was a Missouri registered broker-dealer agent with LPL Financial LLC ("LPL") from January 15, 2015, through May 26, 2015, and an investment adviser representative with Cornerstone Wealth Management, LLC ("Cornerstone") from January 22, 2015, through June 12, 2015. Prior to LPL and Cornerstone, Likens was a broker-dealer agent and investment adviser

representative with Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”) from April 17, 2009, through January 9, 2015. Likens has a last known residential address of 109 Twilight Overlook 5, Canton, Georgia 30114.

13. On October 31, 2016, Likens was permanently barred by the Financial Industry Regulatory Authority (“FINRA”).
14. Merrill, CRD number 7691, is a Missouri-registered broker-dealer with a main address of One Bryant Park, New York, New York 10036, and a mailing address of 222 Broadway, NY3-222-12-05, New York, New York 10038. Merrill is also an investment adviser registered with the Securities and Exchange Commission, and notice filed in Missouri.
15. LPL, CRD number 6413, is a Missouri-registered broker-dealer with a main address and mailing address of 75 State Street, 24th Floor, Boston, Massachusetts 02109. LPL is also an investment adviser registered with the Securities and Exchange Commission, and notice filed in Missouri.
16. Cornerstone, CRD number 164666, is an investment adviser registered with the Securities and Exchange Commission, and notice filed in Missouri, with a principal office and place of business located at 7417 Mexico Road, St. Peters, Missouri 63376. Cornerstone utilizes LPL as their custodian.
17. Chapter, LLC (“Chapter”) is a limited liability company registered in the state of Missouri on July 1, 2010. Mark Norman (“Norman”) is the owner and manager of Chapter, according to a Chapter Operating Agreement, dated June 15, 2010. A check of the CRD indicates that at all times relevant, Norman was not registered with the state of Missouri as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.

B. Enforcement Section Investigation

18. Between July 2010, and April 2015, Likens offered and sold investments in Chapter, to 23 Missouri residents in the St. Louis area. Of these investors, 21 were more than 60 years-old at the time of their initial investment and most of the 23 investors were also customers of Merrill and/or Cornerstone.
19. The investments were not approved offerings and/or securities of Merrill or LPL.
20. Likens failed to disclose the private securities transactions to Merrill and LPL.
21. On May 26, 2015, Likens was discharged from LPL for participating in private securities transactions.
22. FINRA Rule 3280 states, “No person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule.”

23. Likens did not disclose Chapter as an outside business activity at Merrill or LPL.
24. At the time of their investment, several of the investors also had securities and/or brokerage accounts at Merrill or LPL with Likens as their registered broker-dealer agent and/or investment adviser representative.
25. At least 17 investors were provided a Promissory Note (“Note”). The Note stated, among other things, the investors would receive 9% interest per annum plus principal sum invested.
26. At least five investors were provided a Private Annuity Agreement (“Agreement”). The Agreement stated, among other things, the investors would receive either “quarterly payments” or “semi annual payments” for the “remainder of the Annuitants Life not to exceed either a 10 year period certain” or “15 year period certain.”
27. All investors either wrote a personal check or withdrew monies from their Merrill brokerage account in order to invest in Chapter. At least half of the investors withdrew or transferred monies from their Merrill brokerage account in order to invest in Chapter. According to investors, Likens made the recommendation to withdraw or transfer monies from investors’ brokerage accounts.
28. On October 31, 2016, Likens entered into an Acceptance, Waiver and Consent Agreement with FINRA. Likens consented to the imposition of a bar from associating with any FINRA member in any capacity.
29. During the course of the Enforcement Section’s investigation, Merrill paid more than \$1.7 million to the 23 Missouri investors affected by Likens’s activities or who invested in Chapter through Likens.

II. CONCLUSIONS OF LAW

30. The Commissioner concludes that Respondent engaged in dishonest and unethical practices while registered as a broker-dealer agent and investment adviser representative in violation of Section 409.4-412(d)(13), and that this constitutes grounds to discipline Respondent pursuant to Section 409.4-412 and 409.6-604.
31. The Commissioner, after consideration of the stipulations set forth above and on the consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over the Respondent in 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

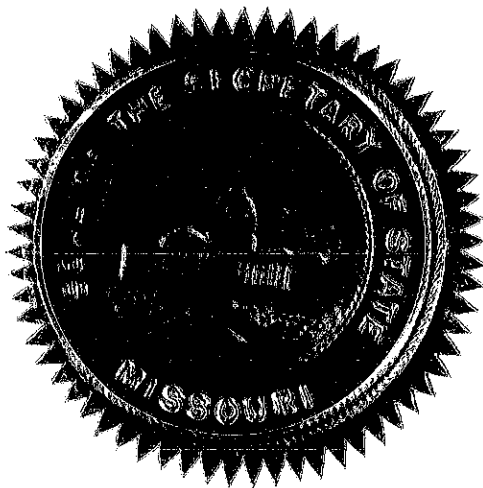
NOW THEREFORE, it is hereby ordered that:

32. 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 are permanently enjoined and restrained from engaging in dishonest or unethical practices in violation of Section 409.4-412(d)(13).
33. Respondent is hereby **BARRED**, effective immediately, from registering as a broker-dealer, investment adviser, broker-dealer agent or investment adviser representative in the state of Missouri.
34. Respondent shall pay \$50,000 to the Investor Education and Protection Fund. Of this amount, \$5,000 shall be paid in monthly installments of \$84 for a period of 59 months. The final payment shall be in the amount of \$44 and paid on the 60th month. Respondent's monthly restitution payments shall be due on the first day of each month beginning January 1, 2018, and ending December 1, 2022. The remaining \$45,000 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 five 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.
35. Respondent shall pay \$3,000 for the cost of this investigation. This amount shall be suspended provided Respondent complies with the terms of this Consent Order and Respondent does not violate the Missouri securities laws for a period of five 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.
36. If Respondent fails to make any payments described in the above paragraphs, the full amounts remaining shall be immediately due and payable after 30 days' notice to cure, and if any amount remains unpaid after such 30-day cure period, the Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604.

37. After five years from the date of this Consent Order, provided Respondent has complied with all terms of this Consent Order, all suspended payments referenced in paragraph 34 and 35 above shall be waived.
38. 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 20th DAY OF December 2017.



JOHN R. ASHCROFT
SECRETARY OF STATE

David M. Minnick
DAVID M. MINNICK
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

SJ McDowell
Saundra J. McDowell
Securities Enforcement Counsel

RESPONDENT

Joseph Alan Likens
Joseph Alan Likens