



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
ITB ASSET MANAGEMENT, INC.;)
PRESCOTT CAPITAL MANAGEMENT, INC.;) AP-16-01
SUSAN BALDWIN PRESCOTT; and)
DANIEL M. PRESCOTT,)
)
Respondents.)

CONSENT ORDER

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Director of Enforcement John R. Phillips, is currently investigating whether ITB Asset Management, Inc. (“ITB”), Prescott Capital Management, Inc. (“PCM”), Susan Baldwin Prescott and Daniel M. Prescott failed to promptly update application information that had become inaccurate, in violation of Sections 409.4-406(b) (Cum. Supp. 2013).¹ Specifically, Respondents failed to update their U-4 Forms, and the ADV Forms to reflect a series of recent judgments against Susan Baldwin Prescott and Daniel M. Prescott. This constitutes grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Enforcement Section desire to settle the above matters raised by the Enforcement Section.

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents 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:

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

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

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold 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. Respondents stipulate and agree 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. Respondents 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. Respondents agree 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 Respondents’ (a) testimonial obligations; (b) rights to take legal or factual positions in litigation or other legal proceedings in which the Commissioner is not a party; or (c) rights to make public statements that are factual.
10. Respondents and the Enforcement Section agree that neither Respondents nor the Enforcement Section are the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent 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

12. During the course of the investigation, the Enforcement Section discovered that the following liens and/or judgements had not been disclosed by the Respondents:
- a. Missouri case number 12SLAC19534 filed on June 11, 2012 and September 20, 2012, against Susan Baldwin Prescott by Barclays Bank of Delaware;
 - b. Missouri case number 12SLAC24494 filed on July 18, 2012, against Susan Baldwin Prescott by Capital One Bank USA NA;
 - c. Missouri case number 12SLAC14514 filed on June 13, 2012, against Susan Baldwin Prescott by Portfolio Recovery Associates LLC;
 - d. Missouri case number 11SLAC46562 filed on March 19, 2012, against Susan Baldwin Prescott by Citibank NA;
 - e. Missouri case number 11SLAC42821 filed on November 16, 2011, and February 14, 2012 against Susan Baldwin Prescott by Discover Bank;
 - f. Missouri case number 13SLAC11099 filed on May 9, 2013, against Daniel M. Prescott by Barclays Bank of Delaware;
 - g. Missouri case number 12SLAC17622 filed on December 17, 2012, against Daniel M. Prescott by Capital One Bank USA NA;
 - h. Missouri case number 11SLAC47346 filed on March 28, 2012, against Daniel M. Prescott by Citibank NA;
 - i. Missouri case number 11SLAC46038 filed on January 26, 2012, against Daniel M. Prescott by Citibank NA; and
 - j. Missouri case number 11SLAC39022 filed on November 23, 2011, against Daniel M. Prescott by Discover Bank.

II. CONCLUSIONS OF LAW

13. The Commissioner finds that Respondents ITB, PCM, Susan Baldwin Prescott and Daniel M. Prescott failed to promptly update application information that had become inaccurate, in violation of Section 409.4-406(b), and that these violations constitute grounds to issue an order pursuant to Section 409.6-604.

14. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over 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:

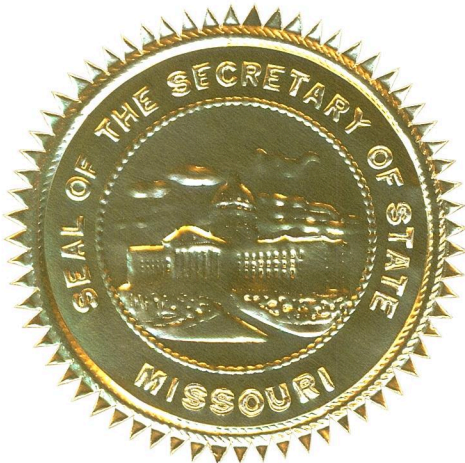
1. Respondents, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this Order are permanently enjoined and restrained from violating Section 409.4-406(b).
2. Respondents Susan Baldwin Prescott and Daniel M. Prescott are ordered to update their U-4 and related forms to reflect any and all judgments and/or liens, including but not limited to those listed in Section I, Findings of Fact, paragraph 12 above, within 10 days of the date of the Consent Order.
3. Respondents ITB and PCM are ordered to update their respective Form ADVs to reflect the judgments and/or liens disclosed pursuant to paragraph 2 of this Order within 10 days of the date of the Consent Order.
4. Respondents are ordered to continue to update and amend their Form ADVs, and any relevant U-4 forms or other required disclosure documents in a timely and appropriate fashion, including any judgments or liens against the investment adviser representatives, any advisory affiliates, or any management persons.
5. Respondents shall notify the Missouri Securities Division in writing, sent to the Director of Enforcement, upon entering into a new account agreement or other investment management agreement with any new customer or client within 7 days of entering into such agreement. A new customer means anyone or any entity with which Respondents do not currently have such an agreement.
6. Respondents ITB and PCM are ordered to pay, jointly and severally, \$12,000 to the Investor Education and Protection Fund. Payment of \$2,000 shall be made in 10 monthly installments of \$200 each, beginning 60 days after the date of the Consent Order, and shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. These payments shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
7. Respondents ITB and PCM's payment of the remaining \$10,000 is suspended for 2 years, but in the event of (1) any of the four Respondents' 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 Respondents have violated the

Missouri Securities Act, Respondents ITB and PCM shall be jointly and severally responsible for immediate payments of those suspended amounts, which shall be in addition to all other penalties then available under the law. If, after 2 years from the date of this Consent Order, neither of those two conditions has occurred, the Commissioner waives Respondents' payment of the remaining amount.

8. After 2 years from the date of the Consent Order, provided Respondents have complied with all terms of this Consent Order, all suspended penalties in paragraph 7 and the reporting obligations in paragraph 5 above are waived.
9. The Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604.
10. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 18TH DAY OF February, 2016.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:

RESPONDENTS

Susan Baldwin Prescott

Susan Baldwin Prescott

Daniel M. Prescott

Daniel M. Prescott

By: Susan Baldwin Prescott

ITB Asset Management, Inc.

By: Daniel M. Prescott

Prescott Capital Management, Inc.