



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
EDWARD J. PETERSHEIM, )  
 ) Case No. AP-16-20  
Respondent. )

**CONSENT ORDER**

**SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Christina A. Peters, has alleged that Edward J. Petersheim (“Respondent” or “Petersheim”) offered investment advice and transacted business as an investment adviser representative for at least five (5) clients in the State of Missouri without being registered as an investment adviser representative or exempt from registration in violation of Section 409.4-404(a), RSMo. (Cum. Supp. 2013)<sup>1</sup>, and that this constitutes grounds to issue an order pursuant to Section 409.6-604.
2. Respondents 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 409.4-404.

**CONSENT TO JURISDICTION**

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the 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.”

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<sup>1</sup> Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the 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 right 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 in a material way, 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 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 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

12. Edward J. Petersheim is a Missouri resident with a mailing address of 7900 West Highway 40, Columbia, Missouri, 65202-9517. A check of the Central Registration Depository ("CRD") indicates that at all times relevant, Petersheim was not registered in Missouri as an investment adviser, investment adviser representative, broker dealer, or broker-dealer agent.
13. On or about September 16, 2015, the Enforcement Section opened an investigation on Petersheim after receiving anonymous information that Petersheim had trading authority in Scottrade, Inc. ("Scottrade") accounts of Missouri Residents.
14. The Enforcement Section's investigation revealed that Petersheim had trading authority in Scottrade accounts and transacted trades for more than five (5) Missouri residents over an extended period of time.
15. During the Enforcement Section's investigation the Respondent told the Enforcement Section Among other things:
  - a. Petersheim's "primary activity is individual income tax preparation. If a client request[s] financial planning [,] I will assist them";
  - b. Petersheim is "not affiliated with any broker-dealer or agent or investment adviser representative";
  - c. Many of Petersheim's clients are long-time friends, family, or referrals from family and friends who requested Petersheim have trading authority in their Scottrade accounts;
  - d. Petersheim charges ½ of one percent (.5%) of the average daily balance annually with a \$500 minimum.
16. The fees charged by Petersheim to trade in his clients' Scottrade accounts, referenced in 15-d above, was in addition to fees charged in Petersheim's regular course of business of tax planning and preparation.

II. CONCLUSIONS OF LAW

17. The Commissioner finds Respondent transacted business as an unregistered investment adviser representative in this state for an extended period of time in violation of Section 409.4-404(a), and that this violation constitutes grounds to issue an order pursuant to Section 409.6-604.

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

1. 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 transacting business as an unregistered investment adviser representative in violation of Section 409.4-404.
2. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of thirty thousand dollars (\$30,000) for violations of the Missouri Securities Act. Ten thousand dollars (\$10,000) of this amount will be suspended provided the Respondent complies with the terms of this Consent Order for a period of five (5) years. The remaining twenty thousand dollars (\$20,000) shall be sent, within ten (10) days of the effective date of this Consent Order, to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be 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.
3. The suspended payment in paragraph 2 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.
4. After five (5) 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 2 above are waived.
5. 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 2nd DAY OF MAY, 2016.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE  
MISSOURI SECURITIES DIVISION

*Christina A. Peters*

Christina A. Peters  
Enforcement Counsel

RESPONDENT

*Edward J. Petersheim*

Edward J. Petersheim

Approved as to Form:

*Tom Schneider*

Tom Schneider, Attorney for Respondent  
Jones, Schneider and Stevens, LLC  
11 N. Seventh Street  
Columbia, MO 65201