



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MOLONEY SECURITIES CO., INC.,)
CRD No. 38535; and LOUIS R. SMITH II,) Case No. AP-16-25
CRD No. 1058757,)
)
Respondents.)

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 Chief Counsel Tyler B. McCormick, has alleged that Moloney Securities Co., Inc. and Louis R. Smith II (“Respondents”), failed to promptly file correcting amendments to applications when the information in the applications became inaccurate or incomplete in a material respect in violation of Section 409.4-406(b), RSMo (Cum. Supp. 2013),¹ 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 Respondents’ alleged violations of Section 409.4-406(b).

CONSENT TO JURISDICTION

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

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

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:

“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’ right to a hearing with respect to this matter.
6. Respondents waive any right 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 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. 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) 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. Respondents agree that Respondents are not 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.
12. This Order is not intended to subject Respondents to disqualification under the laws of the United States or any state or territory, or under the rules or regulations of any securities regulator or self-regulatory organization, including, without limitation, any

disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

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

I. FINDINGS OF FACT

13. Moloney Securities Co., Inc. ("Moloney"), Central Registration Depository ("CRD") number 38535, is a broker-dealer registered in Missouri, with a main address of 13537 Barrett Parkway Drive, Suite 300, Manchester, Missouri 63021.
14. Louis R. Smith II ("Smith"), CRD number of 1058757, was the Chief Compliance Officer at Moloney during the relevant period.
15. From at least 2013 through early 2015, Respondents did not promptly report to the Commissioner material changes in information, answers, or responses submitted in some Moloney representatives' prior applications. Respondents failed to timely file amendments to some Moloney representatives' Uniform Application for Securities Industry Registration or Transfer Form ("Form U-4") disclosing certain outside business activities and unsatisfied liens and judgments.
16. Moloney recognized there were deficiencies in its reporting and updating regime and made changes to its policy and management.
17. In April 2015, Moloney adopted new Written Supervisory Policies and Procedures revising the disclosure and reporting structure.
18. In July 2015, Moloney restructured its compliance department and hired a new Chief Compliance Officer and Counsel.
19. In October 2015, Moloney secured annual disclosures from all representatives and completed updates on all disclosed items promptly thereafter.
20. In addition, Moloney has contracted with a national industry compliance firm to electronically disseminate, track and verify Moloney representatives' responses concerning Moloney's Annual Compliance Questionnaire, which includes verification and approval for outside business activities.

II. CONCLUSIONS OF LAW

21. The Commissioner finds that Respondents 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.
22. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents 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. 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.
2. Moloney shall complete a review of the disclosure items identified by the Enforcement Section and are ordered to update the applicable Form U-4s, as necessary, within 30 days of the effective date of this Consent Order.
3. Moloney shall maintain and enforce Written Supervisory Policies and Procedures in a manner reasonably designed to achieve full, accurate, and prompt reporting for Moloney representatives' Form U-4s.
4. Respondents shall pay, jointly and severally, \$25,000 to the Missouri Secretary of State's Investor Education and Protection Fund. \$18,000 of this amount shall be sent within 30 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.
5. Respondents' payment of the remaining \$7,000 is suspended and, provided that Moloney complies in full with the ordered items in Paragraphs 2 and 4, above, shall be fully and finally waived.
6. 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 20TH DAY OF JUNE, 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

Tyler B. McCormick
Tyler B. McCormick
Chief Counsel

RESPONDENTS:

MOLONEY SECURITIES CO., INC.

BY: *Ed J Moloney Jr*
NAME: EDWARD J MOLONEY JR
TITLE: PRESIDENT & COO

L R Smith II
LOUIS R. SMITH II