

State of Missouri
Office of Secretary of State

Case No. AP-07-13

IN THE MATTER OF:

TIMOTHY H. PUYEAR, CRD #2598183
1300 Porter Drive
Blue Springs, Missouri 64015;

Respondent.

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division has alleged that Timothy H. Puyear ("Puyear") effected transactions in the accounts of customers without authority to do so. This unauthorized activity is a dishonest or unethical practice and this constitutes grounds to revoke Puyear's registration pursuant to Section 409.4-412, RSMo. (Cum. Supp. 2006).
2. Respondent and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to Puyear's dishonest and unethical practices.

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section of the Securities Division stipulate and agree that the 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 of the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2006), 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. Respondent waives his rights to a hearing with respect to this matter.
6. Respondent waives any rights that he 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 of Securities 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, the Missouri 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 a factual basis.
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 or Conclusions of Law as set forth below solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT AND CONCLUSIONS OF LAW

12. Timothy H. Puyear ("Puyear") is a Missouri-registered agent with an address of 1300 Porter Drive, Blue Springs, Missouri 64015. Puyear is currently registered with A.G. Edwards & Sons, Inc. ("AGE"). Puyear is registered through the Central Registration Depository ("CRD") system and has a CRD number of 2598183.

13. From August 18, 1995 until March 1, 2006, Puyear was registered with Edward D. Jones & Co. L.P. dba Edward Jones ("EDJ"). On February 2, 2006, Puyear was discharged from EDJ for making trades in client accounts without obtaining authority.
14. On or about October 4, 2005, Puyear reported to EDJ that he had violated his firm's policy on discretionary trading in customers' accounts.
15. An investigation by EDJ revealed, among other things, that from approximately February through December 2005, Puyear made discretionary trades in eight of his Missouri customers' accounts without first obtaining discretionary authority from these customers. At least three of these customers were over eighty (80) years old. In addition, Puyear failed to inform some of these customers that these trades were on margin.
16. EDJ had a sales contest ("EDJ Sales Contest") running from April 1 through September 23, 2005. Pursuant to this EDJ Sales Contest, agents could win a vacation if the agent attained certain sales objectives during the contest dates. Some of these unauthorized trades assisted Puyear in winning a free vacation through this EDJ Sales Contest.
17. Puyear told an investigator with EDJ, among other things, that:
 - a. he placed discretionary trades on behalf of his customers with the assumption that funds to cover the trades would be received from other sources available to clients;
 - b. he had a full understanding that discretion was not to be used for these clients' accounts;
 - c. he placed discretionary trades on margin for at least one client for whom a margin account may not have been suitable;
 - d. he failed to report to EDJ a client complaint relating to these discretionary trades; and
 - e. he exercised discretionary authority over one client account even after he was aware of the EDJ investigation.
18. On September 7, 2006, Puyear submitted a Uniform Application for Securities Industry Registration or Transfer ("Form U4") to the CRD System disclosing Puyear's discharge from EDJ for using discretion in multiple accounts.
19. From October 19, 2005 through January 26, 2006, EDJ contacted customers of Puyear. EDJ has made payments/settlements in the amount of \$14,996.22 to the customers that alleged Puyear had made unauthorized discretionary trades in the customers' account.
20. Puyear is currently under special supervision at AGE.
21. Puyear engaged in dishonest or unethical conduct and his registration is subject to revocation pursuant to Section 409.4-412, RSMo. (Cum. Supp. 2006).

ORDER

WHEREAS, the Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Securities Division, finds the following Order to be in the public interest and necessary for the protection of public investors and consistent with the provisions of Chapter 409.

NOW, THEREFORE, it is hereby Ordered that:

1. Puyear is hereby CENSURED.
2. Puyear's registration in Missouri is suspended for thirty (30) days, twenty-eight days of this suspension will be waived provided that Puyear complies with all the other provisions of this Order. Puyear's registration in Missouri will be suspended for the remaining two days; this suspension will be served on June 4 and 5, 2007.
3. Puyear is prohibited from engaging in dishonest or unethical practices in the securities business in violation of Section 409.4-412, RSMo. (Cum. Supp. 2006).
4. For a period of two (2) years from the date of this Order, Puyear will be under special supervision at his employing firm.
5. For a period of five (5) years from the date of this Order, Puyear will:
 - a. not have discretionary authority over any client account;
 - b. not solicit margin transactions in any client account; and
 - c. not participate in any sales contests.
6. Puyear is ordered to pay the Investor Education and Protection Fund the sum of fifteen thousand dollars (\$15,000). Puyear will make this amount payable to the State of Missouri, and will deliver these funds to the Securities Division and the Secretary

of State shall forward these funds to the Investor Education and Protection Fund. This amount will be paid in three equal installments of five thousand dollars (\$5,000) each. The first installment will be due within ten days of the execution of this Consent Order. The second installment will be due on August 1, 2007, and the last installment will be due on November 1, 2007. If Puyear fails to make any payment described in this Paragraph, the full amount remaining shall be immediately due and payable after five days notice to cure, and if any amount remains unpaid after such five-day cure period, the Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo.

7. Puyear shall pay his 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 10TH DAY OF MAY, 2007.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

Consented to by:

Mary S. Hosmer
Assistant Commissioner of Securities
Missouri Securities Division

Timothy H. Puyear