

State of Missouri  
Office of Secretary of State

Case No. AP-09-16

IN THE MATTER OF:

Princor Financial Services Corporation

**CONSENT ORDER**

**SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS**

1. After receiving a complaint, the Enforcement Section of the Missouri Securities Division conducted an investigation of the outside business activity of a registered agent (as defined by Section 409.1-102(1), RSMo. (Cum.Supp. 2008), of the Respondent. From its investigation, the Division found facts that the Respondent's registered agent, Dorian Saunders, engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business in violation of Section 409.4-412(d), RSMo. (Cum. Supp. 2008). From this investigation the Division found facts that led it to believe that the Respondent failed to reasonably supervise the registered agent's unauthorized outside business activity. The Division alleges that the Respondent's actions constitute grounds to discipline the registration of Princor Financial Services Corporation ("Princor") pursuant to Section 409.4-412, RSMo. (Cum. Supp. 2008).
2. Respondent and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to Respondent's activities.

**CONSENT TO JURISDICTION**

3. Respondent and the Enforcement Section of the Securities Division stipulate and agree that the Commissioner has jurisdiction over this 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. 2008), 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 its right to a hearing with respect to this matter.
6. Respondent waives any rights that it 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 and the Securities Division stipulate and agree that with this Order, this matter is fully and finally resolved, and no further action shall be taken by the Securities Division against Respondent and its representatives and agents in regard to this matter.
8. This Order represents a settlement between the parties. This Order shall not be read to indicate that Princor has been 1) found to have made a false statement or omission, or been dishonest, unfair or unethical or 2) found to have committed a violation of Chapter 409 and its regulations.
9. It is expressly understood that this stipulation and Order are for the purpose of resolving this proceeding only and are not to constitute admissions of liability or wrongdoing for any other purpose or proceeding.

**CONSENT TO COMMISSIONER'S ORDER**

10. 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.
11. 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. Nothing in this paragraph affects Respondent's (a) testimonial obligations; or (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner of

Securities is not a party; or (c) right to make public statements that are factual.

12. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
13. Respondent neither admits nor denies the allegations made by the Securities Division or the Commissioner's Findings of Fact, Conclusions of Law and Order as set forth below but consents thereto solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

#### **FINDINGS OF FACT**

14. Dorian Saunders ("Saunders") is an individual with an address of 4015 Blair Avenue St. Louis Missouri 63107. Saunders was registered in Missouri with CRD # 4577155 until August 23, 2007.
15. Saunders was a registered agent of Princor at Princor's office located in Chesterfield, Missouri from March 12, 2003, until his termination on August 23, 2007.
16. In or around early 2007 while a registered agent with Princor, Saunders began FOREX trading. Saunders, through a company owned by his brother, NolansFX, engaged in the FOREX trading by using a trading program intended to profit from fluctuations in foreign currency prices.
17. Saunders spoke to clients and employees of the firm about how he was making large profits from the trading program and encouraged them to invest through NolansFX.
18. Starting in March 2007, Saunders opened accounts at an introducing broker registered with the National Futures Association for customers of NolansFX. Some of those customers were Princor employees and clients.
19. Princor became aware of one of its client's involvement in the FOREX trading through Saunders and NolansFX in or around March 2007.
20. In or around April 2007, Princor approved Saunders to engage in FOREX trading for his account only but not for client accounts.
21. Despite being approved by the firm to engage in the trading for his own account only, Saunders continued to open accounts and conduct trading activity through NolansFX for eight of his Princor clients.
22. Princor terminated Saunders on August 23, 2007.
23. By November 2007, all investors' funds were lost through Saunders' unsuccessful trading program.
24. Saunders violated Section 409.4-412, RSMo. (Cum. Supp. 2008), when he effectuated a securities transaction not recorded on the regular books or records of Princor.
25. The Division in its investigation found facts that led it to believe that Princor's written supervisory procedures were inadequate to detect violations of the Missouri Securities Act and Princor's follow up on the "red flags" of Saunders' unauthorized outside business activity was insufficient.
26. In or about November 2008, Saunders agreed to a consent order issued by the Commissioner of Securities barring him from registration as a broker-dealer agent or investment adviser representative in the State of Missouri.
27. Section 409.4-412(d), RSMo. (Cum. Supp. 2008), provides that, "A person may be disciplined under Section 409.4-412(a) to (c), RSMo. (Cum. Supp. 2008), if the person:  
  
    (9) has failed to reasonably supervise an agent... if the agent... was subject to the person's supervision and committed a violation of the Missouri Securities Act...."
28. Section 409.4-412(b), RSMo. (Cum. Supp. 2008), provides in part that if the commissioner finds that the order is in the public interest and subsection (d) authorizes the action, an order issued under this act may revoke, suspend, condition or limit the registration of a registrant and if the registrant is a broker-dealer any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer.
29. Section 409.4-412(c), RSMo. (Cum. Supp. 2008), provides in part that if the commissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9)... authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of five thousand dollars for a single violation or fifty thousand dollars for several violations on a registrant....

#### **CONCLUSIONS OF LAW**

30. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Securities Division, finds and concludes that the Commissioner has jurisdiction over this Respondent 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 RSMo. (Cum. Supp. 2008).

### **Order**

**NOW, THEREFORE**, it is hereby ordered that :

1. Respondent shall pay the total amount of one hundred forty six thousand and fifty dollars (\$146,050) to the Missouri Secretary of State's Investor Restitution Fund within ten (10) days of the date of this Order. Such payment must be by check or money order payable to the Missouri Secretary of State's Investor Restitution Fund. The Respondent must deliver or send its payment to the Securities Division, 600 W. Main Street, PO Box 1276, Jefferson City, Missouri 65102. The Division shall forward these funds to the Investor Restitution Fund to be paid to the individuals and in the amounts identified in the attached Exhibit.
2. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of seventy five thousand dollars (\$75,000) within ten (10) days of the date of this Order. This amount shall be sent to the Securities Division and the Division will forward the funds to the Missouri Secretary of State's Investor Education and Protection Fund;
3. Respondent is ordered to pay five thousand six hundred fifty dollars (\$5,650.00) as the cost of this investigation. This amount shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. This amount shall be due and payable within ten (10) days, and shall be submitted to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101; and
4. Respondent shall pay its' 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 4<sup>TH</sup> DAY OF MAY, 2009.

ROBIN CARNAHAN  
SECRETARY OF STATE

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

Consented to by:  
Lori J. Neidel, #44774  
Chief Enforcement Counsel  
Missouri Securities Division

Consented to by:  
Princor Financial Services Corporation