

State of Missouri
Office of Secretary of State

Case No. AP-12-15

IN THE MATTER OF:

RENAUD & COMPANY, LLC, CRD No. 115337;
AND MATTHEW RENAUD, CRD No. 2320797,

Respondents.

Serve: Renaud & Company, LLC at:
793 W. Terra Lane
O'Fallon, Missouri 63366

Serve: Matthew Renaud at:
No. 7 Oak Bluff Drive
Lake St. Louis, Missouri 63367

Consent Order

SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division ("Enforcement Section") has alleged that Matthew Renaud ("Renaud") transacted business as an unregistered investment adviser representative, and Renaud & Company, LLC ("Renaud LLC") transacted business as an unregistered investment adviser and employed an unregistered investment adviser representative and that this constitutes grounds to revoke, suspend, condition or limit Respondent Renaud's and Respondent Renaud LLC's (collectively Renaud and Renaud LLC will be referred to as "Respondents") registrations in Missouri pursuant to Sections 409.4-403, 409.4-404(a), 409.4-412(d)(2), and/or 409.4-412(d)(13), RSMo. (Cum. Supp. 2011) and grounds to issue a cease and desist order against both Respondents pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2011).
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents' alleged unregistered investment adviser representative activity and the employment of an unregistered investment adviser representative.

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.*
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), RSMo. (Cum. Supp. 2011), 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 their rights to a hearing with respect to this matter.
6. Respondents waive any right that they 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 position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) rights to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing parties 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. From at least July 13, 1999, Renaud did business as Renaud & Company ("Renaud Sole Proprietor"), a sole proprietor, registered as an investment adviser in the State of Missouri through the Central Registration Depository ("CRD") with number 115337.
13. Renaud LLC is a Missouri limited liability company organized on October 11, 2007, with an address of 793 West Terra Lane, O'Fallon, Missouri 63366.
14. Renaud stated to the Enforcement Section that prior to January 1, 2011, Renaud conducted business as Renaud Sole Proprietor and that subsequent to January 1, 2011, Renaud conducted business as Renaud LLC.
15. Effective March 29, 2012, Renaud LLC registered as an investment adviser in the State of Missouri through the CRD with number 115337.
16. Renaud is the president of Renaud LLC and has a residential address of No. 7 Oak Bluff Drive, Lake St. Louis, Missouri 63367. From 1992 through 1998, Renaud was registered as an agent through the CRD with number 2320797. Renaud has not been registered as an agent or an investment adviser representative since 1998. Renaud's application for registration as an investment adviser representative of Renaud LLC is currently pending with the State of Missouri.
17. In December 2010, the Enforcement Section received a complaint from a sixty-three (63) year-old Moscow Mills, Missouri resident ("MR") regarding delays in the distribution of funds from MR's account with Renaud. The complaint and other information submitted by MR revealed, among other things, the following:
 - a. in March 2010, MR went to Renaud dba Renaud Sole Proprietor regarding MR's assets in excess of ninety thousand dollars (\$90,000)
 - b. Renaud recommended that MR invest: (1) approximately thirty-eight thousand dollars (\$38,000) in stocks and bonds; and (2) the remaining fifty-five thousand dollars (\$55,000) in a fixed annuity;
 - c. MR invested in the stocks, bonds, and annuity as Renaud recommended;
 - d. MR told Renaud that MR needed one thousand five hundred dollars (\$1,500) deposited into MR's checking account each month from MR's investments to help cover MR's living expenses;
 - e. Renaud told MR that one thousand five hundred dollars (\$1,500) would be distributed monthly to MR from MR's investments, and these funds would be directly deposited into MR's bank account;
 - f. from April 2010 through July 2010, MR's bank account received monthly direct deposits of one thousand five hundred dollars (\$1,500) from MR's invested funds;
 - g. from March 2010 through August 2010, MR paid management fees to Renaud and Renaud Sole Proprietor totaling seven hundred five dollars (\$705);
 - h. from July 2010 through September 2010, MR incurred net market losses in excess of two thousand two hundred dollars (\$2,200) from the sale of stock and the premature liquidation of MR's bonds;
 - i. in October 2010, MR's bank account did not receive a direct deposit from MR's invested funds;
 - j. in November 2010, MR's bank account did not receive a direct deposit from MR's invested funds;
 - k. because these monthly deposits were not paid, MR incurred overdraft charges from MR's bank totaling one hundred fifty dollars (\$150); and
 - l. from June 2011 to May 2012, MR withdrew funds from MR's fixed annuity to pay for MR's living expenses. MR incurred surrender penalties totaling one thousand four hundred ninety-four dollars and fifty-seven cents (\$1,494.57) because of these withdrawals.
18. A review of records maintained by the Commissioner revealed that Renaud was not registered as an investment adviser representative at the time of some of the activity in MR's account and that Renaud LLC transacted business as an unregistered investment adviser and employed an unregistered investment adviser representative who transacted business in Missouri.

II. CONCLUSIONS OF LAW

19. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that Respondent Renaud transacted business as an unregistered investment adviser representative, and Respondent Renaud LLC transacted business as an unregistered investment adviser and employed an unregistered investment adviser representative and that this conduct constitutes grounds to discipline Respondent Renaud's registration in Missouri pursuant to Sections 409.4-404(a), 409.4-412(d)(2), and 409.4-412(d)(13), RSMo. (Cum. Supp. 2011) and Respondent Renaud LLC's registration in Missouri pursuant to Sections 409.4-403, 409.4-412(d)(2), and 409.4-412(d)(13), RSMo. (Cum. Supp. 2011).
20. 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, RSMo. (Cum. Supp. 2011).

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 transacting business as an unregistered investment adviser, transacting business as an unregistered investment adviser representative, and/or employing an unregistered investment adviser representative in Missouri.
2. Respondent Renaud LLC's registration is hereby CENSURED.
3. The Commissioner, through the Audit Section of the Missouri Securities Division ("Audit Section"), will conduct an examination of Renaud LLC within twelve (12) months of the date of this Consent Order. Renaud LLC shall be responsible for the costs incurred by this examination. The Audit Section will send Renaud LLC notification of these costs and Renaud LLC shall send payment, via check within ten (10) days of receipt of the notification. This payment shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101 and 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;
4. Respondents are ordered to pay restitution and interest calculated at the rate of eight percent (8%) per annum from the date of purchase in the amount of five thousand two hundred twenty-six dollars (\$5,226). This payment 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 Restitution Fund. These payments will be distributed by that Fund to the investor as identified in Exhibit A.
5. Respondents shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of five thousand dollars (\$5,000). This amount will be suspended provided Respondents do not violate the securities act for a period of three (3) years. The suspended payment shall, for three (3) years from the execution of this document, become immediately payable, under operation of law, upon Respondents' failure to comply with the terms of this order, and such immediately due payment shall be in addition to all other penalties then available under the law. The Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604, RSMo. (Cum. Supp. 2011).
6. Respondents are jointly and severally ordered to pay six thousand dollars (\$6,000) as the cost of this investigation. This amount 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.
7. 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 3RD DAY OF AUGUST, 2012.

ROBIN CARNAHAN
SECRETARY OF STATE

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

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

Mary S. Hosmer
Assistant Commissioner of Securities

Renaud & Company, LLC

Matthew Renaud, President

Matthew Renaud, Respondent

CONSENT - EXHIBIT A
AP-12-15 / I2008-103

IN THE MATTER OF:

RENAUD & COMPANY, LLC and MATTHEW
RENAUD, Respondents

MR

\$5,226.00