

State of Missouri  
Office of Secretary of State

Case No. AP-13-01

IN THE MATTER OF:

GREG JOHN CAMPBELL,  
CRD# 4732999

Respondent.

Serve: Greg John Campbell at:  
20 Ladue Ridge Road  
Ladue, Missouri 63124

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY  
RESTITUTION, DISGORGEMENT, CIVIL PENALTIES, AND COSTS SHOULD NOT  
BE IMPOSED**

On January 29, 2013, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through its Assistant Commissioner Mary S. Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Disgorgement, Civil Penalties, and Costs Should Not Be Imposed and Petition for Revocation of Agent Registration.

**I. FACTUAL BACKGROUND**

The petition alleges the following facts:

1. Campbell was a Missouri-registered broker-dealer agent with Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill"), from June 16, 2006 to October 29, 2011, and was located at the Merrill branch office at 8325 Forsyth Boulevard, Clayton, Missouri 63105. Campbell was registered in Missouri through the Central Registration Depository System ("CRD") with number 4732999. Campbell's current mailing address is 20 Ladue Ridge Road, Ladue, Missouri 63124.
2. Campbell was a Missouri-registered broker-dealer agent with LPL Financial, LLC ("LPL"), from November 2, 2011 to October 31, 2012, and was located at the LPL branch office at Three City Place Drive, Suite 590, Creve Coeur, Missouri 63141.
3. A check of the CRD records indicates Campbell has not been registered as a broker-dealer agent in Missouri since October 31, 2012.
4. Merrill is a Missouri-registered broker-dealer with a home office address of One Bryant Park, New York, New York 10038. Merrill is registered in Missouri through the CRD with number 7691. On January 1, 2009, Merrill became a wholly owned subsidiary of Bank of America Corporation ("BOA").
5. LPL is a Missouri-registered broker-dealer with a home office address of 75 State Street, 24th Floor, Boston, Massachusetts 02109. LPL is registered in Missouri through the CRD with number 6413.
6. Between November 2012 and January 2013, investigators with the Enforcement Section interviewed, and received e-mails and documents from, a sixty-one (61) year-old Lowell, Massachusetts resident ("MAR1") and MAR1's sibling, a sixty-seven (67) year-old Lowell, Massachusetts resident ("MAR2") and received documents from Merrill regarding the accounts of MAR1 and MAR2. A review of this information revealed, among other things, the following:
  - a. since at least 2006, MAR1 and MAR2 had securities accounts at Merrill;
  - b. during his employment at Merrill, Campbell was the registered agent on three (3) Merrill accounts for MAR1:
    - i. a Cash Management Account ("CMA");
    - ii. a Roth Individual Retirement Account ("Roth IRA"); and
    - iii. a traditional Individual Retirement Account ("IRA");
  - c. during his employment at Merrill, Campbell was the registered agent on two (2) Merrill accounts for MAR2:
    - a. a CMA; and
    - b. an IRA;

- d. in 2008, MAR1 began receiving account statements from Merrill for a Loan Management Account ("LMA") opened in the name of MAR1 and MAR2;
- e. an LMA is a demand line of credit offered to Merrill clients by BOA through the Merrill agent. An LMA gives the client the ability to use the client's securities accounts as collateral to borrow funds;
- f. neither MAR1 nor MAR2 authorized Campbell to open an LMA on their behalf at Merrill. In addition, neither MAR1 nor MAR2 requested any loans from Merrill or BOA through the LMA;
- g. in 2008, the listed addresses for both MAR1's and MAR2's accounts at Merrill were changed to an address in Lexington, Massachusetts that was not associated with MAR1 or MAR2. Subsequently, MAR1 and MAR2 stopped receiving monthly account statements from Merrill and contacted Campbell;
- h. Campbell informed MAR1 that the address changes were the result of an administrative error by Campbell's assistant and had been corrected and that the LMA had been closed;
- i. Campbell informed MAR2 that the address changes were the result of Merrill's "merger" with BOA;
- j. in or around August 2009, Campbell provided MAR2 with an account statement for MAR2's IRA. This August 2009 statement was on Merrill letterhead and purported that MAR2 had a balance of approximately seventy-eight thousand dollars (\$78,000) in MAR2's IRA ("August Statement");
- k. The August Statement was not sent from Merrill and was a forged document;
- l. In 2011, MAR2 learned that MAR2's real IRA balance at Merrill as of August 2009 was less than nine thousand dollars (\$9,000);
- m. in 2009, the Internal Revenue Service ("IRS") contacted MAR2 regarding distributions from MAR2's IRA at Merrill;
- n. MAR2 never authorized any distributions from MAR2's IRA at Merrill;
- o. MAR2 paid taxes in excess of three thousand four hundred dollars (\$3,400) as a result of the unauthorized distributions from MAR2's IRA at Merrill;
- p. securities in MAR2's IRA were sold to fund at least some of these distributions and the funds from these sales were transferred to MAR2's CMA and used as collateral for MAR1 and MAR2's LMA at Merrill;
- q. in 2011, the IRS sent a letter to MAR1 regarding distributions in excess of thirty-five thousand dollars (\$35,000) from MAR1's Roth IRA at Merrill;
- r. MAR1 never authorized any distributions from MAR1's Roth IRA at Merrill (MAR1 did not incur a tax event because the unauthorized distributions were from a Roth IRA);
- s. securities in MAR1's Roth IRA were sold to fund at least some of these distributions and the funds from these sales were transferred to MAR1's CMA and used as collateral for MAR1 and MAR2's LMA at Merrill;
- t. MAR2 believes that at least the following unauthorized transfers occurred in MAR2's IRA:
  - i. an unauthorized distribution of ten thousand dollars (\$10,000) on December 16, 2008;
  - ii. an unauthorized distribution of twenty-six thousand five hundred dollars (\$26,500) in 2009; and
  - iii. an unauthorized transfer from MAR2's IRA of ten thousand five hundred dollars (\$10,500) to MAR2's CMA on March 13, 2009;
- u. between May 15, 2008, and December 23, 2010, Campbell made unauthorized transfers in excess of three hundred thousand dollars (\$300,000) from MAR1 and MAR2's LMA at Merrill, including:
  - i. seventeen (17) transfers totaling approximately sixteen thousand six hundred dollars (\$16,600) payable to BMW Financial Services "f/b/o Greg Campbell;"
  - ii. twenty (20) transfers totaling approximately one hundred eighty-seven thousand eight hundred dollars (\$187,800) to a Wells Fargo loan account associated with Campbell;
  - iii. a transfer of approximately one hundred five thousand two hundred dollars (\$105,200) to the CMA of another Campbell client at Merrill, a thirty-four (34) year-old Boston, Massachusetts resident ("MAR3"); and
- v. on or about October 8, 2010, a letter that purported to be from MAR1 requested the transfer of one hundred five thousand two hundred dollars (\$105,200) from MAR1's LMA to the CMA of MAR1's nephew, MAR3. MAR1 stated to an investigator with the Enforcement Section that this letter was not written or authorized by MAR1 and

MAR1 has no familial relationship with MAR3.

7. From December 13, 2012 to January 8, 2013, the Enforcement Section interviewed MAR3 and received documents from Merrill regarding MAR3's accounts. A review of this information revealed, among other things, the following:
  - a. MAR3 had several securities accounts with Merrill;
  - b. since at least 2006, Campbell was the registered agent at Merrill for MAR3's accounts;
  - c. in 2009, pursuant to Campbell's advice, MAR3 opened an LMA at Merrill;
  - d. within six (6) months of the opening of the LMA, the address on MAR3's LMA was changed without MAR3's authorization to an address in St. Louis, Missouri, that was not associated with MAR3. MAR3 believed that Campbell owned the property at this address;
  - e. between December 21, 2010 and October 27, 2011, Campbell transferred in excess of four hundred eighty thousand dollars (\$480,000) from MAR3's LMA and CMA, including:
    - i. a transfer of approximately one hundred five thousand two hundred dollars (\$105,200) from MAR3's CMA to an account at Investor Title Company, Inc. for the benefit of Campbell;
    - ii. twenty (20) transfers totaling approximately two hundred five thousand two hundred fifty dollars (\$205,250) from MAR3's LMA to a Wells Fargo loan account associated with Campbell's St. Louis residence; and
    - iii. a transfer of one hundred seventy-five thousand dollars (\$175,000) from MAR3's LMA to MAR1 and MAR2's LMA;
  - f. Documents received from Merrill reflect that on or about December 21, 2010, a letter that purported to be from MAR3 requested the transfer of one hundred seventy-five thousand dollars (\$175,000) from MAR3's LMA to the LMA of MAR3's uncle, MAR1. MAR3 stated to an investigator with the Enforcement Section that this letter was not written or authorized by MAR3 and MAR3 has no familial relationship with MAR1;
  - g. MAR3 never authorized the transfers listed above from MAR3's LMA and never authorized the transfer of approximately one hundred five thousand two hundred dollars (\$105,200) from MAR3's CMA;
  - h. securities in MAR3's CMA were sold and the proceeds from these sales were used as collateral for MAR3's LMA at Merrill;
  - i. in 2010, MAR3 began receiving statements for an LMA in the name of an elderly Florida resident ("FL1");
  - j. MAR3 does not know FL1, nor is MAR3 related to FL1; and
  - k. when questioned about the receipt of these statements, Campbell told MAR3 that MAR3 was receiving FL1's LMA statements due to a processing error.
8. Campbell made unauthorized transfers in excess of one million dollars (\$1,000,000) from an account belonging to FL1, an eighty-six (86) year-old Merrill client who suffers from dementia and is currently residing in an assisted living center.
9. The majority of FL1's funds were transferred from FL1's LMA to a JP Morgan Chase account. This JP Morgan Chase account was associated with a home equity line of credit on a property located in Massachusetts that was owned by Campbell.
10. On November 2, 2011, LPL registered Campbell as an agent in Missouri.
11. LPL subsequently contacted BOA and was told that BOA was unable to share any information with LPL at that time.
12. On October 23, 2012, LPL began investigating activity in Campbell's client accounts.
13. On October 31, 2012, LPL received a customer complaint from two (2) of Campbell's LPL clients, a sixty-three (63) year-old New Hampshire resident ("NR1") and NR1's spouse, a sixty-two (62) year-old New Hampshire resident ("NR2"). This complaint alleged, among other things, that:
  - a. in September 2012 and October 2012, at least one hundred sixty six thousand dollars (\$166,000) was transferred or distributed from NR1's accounts, without NR1's authorization;
  - b. an account in the name of NR1 was established without the knowledge of or consent of NR1; and
  - c. NR1 and NR2's home address was changed on LPL account records.
14. On November 7, 2012, LPL paid NR1 and NR2 in excess of one hundred seventy two thousand four hundred dollars

(\$172,400) as a result of Campbell's activities in NR1 and NR2's LPL accounts.

15. On November 30, 2012, LPL filed a Form U5 with the CRD reflecting that Campbell's registration as an agent with LPL was terminated on October 31, 2012. On Campbell's Form U5, LPL alleged, among other things, that:
  - a. Campbell transferred customer funds to Campbell's control without the client's knowledge or consent;
  - b. Campbell opened client accounts with documents that contained forged signatures;
  - c. Campbell changed customer account addresses without authorization; and
  - d. Campbell asserted false familial relationships with clients in statements to the firm.

## **II. COMMISSIONER'S DETERMINATION AND FINDING**

16. In connection with the offer, sale or purchase of a security in the State of Missouri, the Commissioner determines that Respondent Campbell violated Section 409.6-604 by engaging in acts, practices, or courses of business that operated or would operate as a fraud or deceit upon MAR1, MAR2, MAR3, NR1, NR2, Merrill, BOA, and LPL, including, but not limited to, the following:
  - a. Respondent opened accounts for clients without authorization;
  - b. Respondent used forged client signatures to open client accounts;
  - c. Respondent used unauthorized client addresses in account documents;
  - d. Respondent informed a client that errors in the client's account documents had been corrected when this was not true;
  - e. Respondent informed a client that an unauthorized account had been closed, when this was not true;
  - f. Respondent provided a client with a false account statement;
  - g. Respondent transferred funds from client accounts without client authorization; and
  - h. Respondent used client funds for Respondent's own benefit.
17. The Commissioner finds, pursuant to Section 409.6-605(b), that the Order in Section III is necessary or appropriate in the public interest or for the protection of investors and is consistent with the purposes of the Missouri Securities Act of 2003.

## **III. ORDER**

**NOW THEREFORE**, it is hereby ordered that Respondent, his agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this Order are prohibited from violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2011), by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading.

## **IV. STATEMENT**

Pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2011), the **COMMISSIONER HEREBY STATES** that he will determine whether to grant the Enforcement Section's requests:

- (1) for civil penalties of up to ten thousand dollars (\$10,000) against Respondent Campbell for multiple violations of Section 409.5-501, RSMo. (Cum. Supp. 2011);
- (2) for civil penalties of up to twenty-five thousand dollars (\$25,000) against Respondent Campbell for multiple violations of Section 409.5-501, RSMo. (Cum. Supp. 2011);
- (3) for restitution for any loss, possibly to include the amount of any actual damages that may have been caused by the conduct of Respondent Campbell, and interest at the rate of eight percent (8%) per year from the date of the violation causing the loss;
- (4) for the disgorgement of any profits arising from the violation of Section 409.5-501, RSMo. (Cum. Supp. 2011); and
- (5) for costs pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2011),

at a hearing on the merits or, if none is requested, in a Final Order.

Pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2011), the **COMMISSIONER FURTHER STATES** that any person

subject to this order may request a hearing. Such person must make this request with Commissioner no later than 30 days from the date that the person was served with the order ("date of service"). If the Commissioner receives such a request, the hearing will be set within 15 days. If the Commissioner does not receive such a request 30 days from the date of service and no hearing is otherwise ordered, then the order becomes final by operation of law.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS NINETEENTH DAY OF FEBRUARY, 2013.

JASON KANDER  
SECRETARY OF STATE

(Signed/Sealed)  
ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES



State of Missouri  
Office of Secretary of State

Case No. AP-13-01

IN THE MATTER OF:

GREG JOHN CAMPBELL,  
CRD# 4732999

Respondent.

Serve: Greg John Campbell at:  
20 Ladue Ridge Road  
Ladue, Missouri 63124

**NOTICE**

**TO: Respondents and any unnamed representatives aggrieved by this Order:**

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to § 409.6-604(b), RSMo. (Cum. Supp. 2011), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**Andrew M. Hartnett, Commissioner of Securities**  
**Office of the Secretary of State, Missouri**  
**600 West Main Street, Room 229**  
**Jefferson City, Missouri, 65102**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 19th day of February, 2013, a copy of the foregoing **Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed**, and, pursuant to Section 536.0677(2), RSMo., a copy of the **Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Disgorgement, Civil Penalties, and Costs Should Not Be Imposed and Petition for Revocation of Agent Registration**, in the above styled case were **mailed by Certified U.S. mail to:**

Greg John Campbell  
20 Ladue Ridge Road  
Ladue, Missouri 63124

**and by hand delivery to:**

Mary S. Hosmer  
Assistant Commissioner of Securities  
Missouri Securities Division

---

John Hale, Specialist