



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
BRAD EUGENE COOPER AND COOPER)	
FINANCIAL SOLUTIONS, LLC,)	Case No. AP-14-06
)	
Respondents.)	
)	
Serve:)	
Brad Eugene Cooper)	
546 Maple Valley Drive)	
Farmington, Missouri 63640)	
)	
Cooper Financial Solutions, LLC)	
c/o Brad Cooper, Registered Agent)	
1565 Ste. Genevieve Ave.)	
Farmington, Missouri 63640)	

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 Assistant Commissioner Mary S. Hosmer, has alleged that Brad Eugene Cooper (“Cooper”) transacted business as an investment adviser representative in Missouri without being registered as an investment adviser representative or exempt from registration in violation of Section 409.4-404, RSMo. (Cum. Supp. 2012), and that Cooper Financial Solutions, LLC (“Cooper Financial”), transacted business as an investment adviser in Missouri without being registered as an investment adviser, or exempt from registration in violation of Section 409.4-403, RSMo. (Cum. Supp. 2012), and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2012) against these Respondents.
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 Sections 409.4-403 and/or 409.4-404, RSMo. (Cum. Supp. 2012).

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. 2012), 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 releases and holds 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) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings 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.

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

I. FINDINGS OF FACT

12. Cooper is a forty-six (46) year old Missouri resident with a mailing address of 546 Maple Valley Drive, Farmington, Missouri 63640.
13. Cooper is registered with the Department of Insurance, Finance, and Professional Registrations ("DIFP") with a license number of 0224163.
14. A check of the Central Registration Depository ("CRD") records reveals that at all times relevant to this matter, Cooper was not registered as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative in the State of Missouri.
15. Cooper Financial, Charter Number LC 1083947, is a Missouri limited liability company created on September 8, 2010. Cooper is listed as the registered agent of Cooper Financial with an office address of 1565 Sainte Genevieve Avenue, Farmington, Missouri 63640.
16. A check of the CRD records reveals that at all times relevant to this matter, Cooper Financial was not registered as a broker-dealer or investment adviser in the State of Missouri.
17. John Everett McCarty ("McCarty") is a thirty-eight (38) year old Missouri resident with a mailing address of 602 Bradford Court, Farmington, Missouri 63340.
18. Income Advisors LLC ("Income Advisors"), Charter Number LC1259737, is a Missouri limited liability company created on October 2, 2012. Cooper is listed as the registered agent of Income Advisors with an office address of 1565 Sainte Genevieve Avenue, Farmington, Missouri 63640.
19. A check of the CRD records reveals that at all times relevant to this matter, Income Advisors was not registered as a broker-dealer or investment adviser in the State of Missouri.
20. Cooper and McCarty were both affiliated with Income Advisors.

21. During the years of 2012 and 2013 (the “Relevant Period”), Cooper and McCarty jointly sold equity-indexed annuities (“EIAs”)¹ to Missouri residents. To reach potential customers and promote their services Cooper, Cooper Financial, McCarty, and/or Income Advisors utilized a website and various social media platforms. These internet pages provided, among others, the following:
- a. “you should think twice about having money in the stock market. There are many other concepts and strategies you can use, ONLY if the average financial advisor would share with you . . .”; (Emphasis in the original)
 - b. Cooper was “in training learning why again your money should not be in the market. Unless you have 30 years to recoup your losses, there are other secure strategies you can use that most advisors will not share with you....”; and
 - c. Cooper was “a nationally recognized Trusted Advisor in Farmington, Missouri.... [He] is a recognized leader in the financial industry. He had helped a diverse range of consumers with his ‘hands on’ style by guiding them through the financial process . . .”
22. In addition to the website and social media, Cooper utilized the services of a direct mail marketing firm, RME360 out of Tampa, Florida, for a seminar he presented, and placed advertisements in newspapers and other publications during the Relevant Period. RME360 has described itself as a marketing services firm for financial services. On its website, RME360 stated, among other things, that:
- “Our deep marketing and industry knowledge combined with our data-driven insights, assures that your message will reach the right households; that your events and seminars will convert to sales and that your online videos and ads will be seen by the type of targeted consumers you are seeking. Every aspect of your marketing campaign will reinforce and complement your other marketing efforts.”
23. These marketing materials and advertisements included, among others, the following:
- a. “Many families are concerned that another economic downturn...could have them outliving their retirement money...”;
 - b. “Are you concerned about protecting your money?”; and
 - c. “Are you concerned another down market could ruin your retirement?”

¹ An EIA is an annuity that yields returns on a person’s contributions based on a specified equity-based index, such as the S&P 500 Index. EIAs are not variable annuities; however, like a variable annuity, EIAs usually carry a surrender charge for early withdrawal. Any gains in an EIA will depend on the terms and conditions as stated in the original annuity contract, which may contain a provision for some guaranteed minimum return if the contract is held to the end of the surrender term.

24. During the Relevant Period, Cooper and McCarty were both affiliates of Advisors Excel (“Advisors Excel”), a field marketing organization (“FMO”) located in Topeka, Kansas. Advisors Excel offers affiliates training seminars, materials, and information regarding the marketing of insurance products and services. Cooper and McCarty received these marketing materials that included, among other things, a video-taped seminar titled, “Complete Advisor Bootcamp.” A review of these materials by the Enforcement Section revealed that in the Complete Advisor Bootcamp, Advisors Excel recommended, among other things, that affiliates:
- a. review a customer’s brokerage account;
 - b. create a wedge with the customer’s current broker-dealer agent and/or securities advisor;
 - c. advise that the customer’s current assets are subject to risk; and
 - d. recommend, among other things, the purchase of equity-indexed annuities for the customer’s account.
25. During the Relevant Period, Cooper and McCarty also conducted seminars and a weekly radio show entitled, “Financial Answers for Today’s Economy.” Cooper and McCarty paid for the radio program. During the Cooper OTR, Cooper described the ten minute radio program as a “lengthy ad.” At these seminars and/or on the radio shows Cooper and/or McCarty, among others things:
- a. stated that the “stock market is risky . . . bonds are not guaranteed anymore. . .”
 - b. stated that investment portfolios should be properly diversified;
 - c. stated that investors would earn minimal returns on certificates of deposit or money market accounts;
 - d. offered to meet and review the individual’s insurance, savings, and investments; and
 - e. offered to make recommendations and to implement these recommendations for the individual.
26. During the Relevant Period, Cooper and McCarty offered a free “30 minute consultation on how you can complete your financial house and enjoy financial peace. . .”
27. At these consultations Cooper and McCarty met with customers, reviewed the customer’s investments and securities held in brokerage accounts, and recommended that at least some customers liquidate securities and purchase EIAs.

28. During the Relevant Period, approximately thirteen (13) customers of Cooper and McCarty liquidated securities and purchased EIAs, and Cooper assisted at least one (1) customer in initiating the sale of securities to fund the purchase of annuities.
29. Cooper was paid commissions by insurance companies on the sale of EIAs including, but not limited to, those that were funded, in whole or in part, by the liquidation of securities from the customer's account.
30. One Missouri couple complained about the EIA they purchased from Cooper and McCarty. The EIA firm cancelled this EIA purchase and returned the invested funds to the Missouri couple.
31. Cooper provided marketing materials, including a website, where Cooper held himself out as a financial planner and a "trusted adviser."
32. Cooper recommended that customers get out of the stock market because a proposed tax hike by President Obama would result in a substantial drop in stocks.

II. CONCLUSIONS OF LAW

33. The Commissioner finds Respondent Cooper Financial transacted business as an investment adviser in violation of Section 409.4-403, RSMo. (Cum. Supp. 2012), and that Cooper transacted business as an investment adviser representative, in violation of Section 409.4-404, RSMo. (Cum. Supp. 2012), and that these violations constitute grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2012).
34. 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. 2012).

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Respondents agree not to recommend the liquidation of securities or provide financial advice regarding securities without being registered as a broker-dealer, broker-dealer agent, investment adviser or an investment adviser representative.
2. Respondents are ordered to remove all references on their websites and marketing materials that would lead to a reasonable assumption that Respondents are registered to offer investment advice and/or liquidate securities.

3. Respondents shall jointly and severally pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of five thousand five hundred dollars (\$5,500). Respondents shall pay this amount in six (6) monthly installments, with the first five (5) installments in the amount of one thousand dollars (\$1,000) due on the first of each month beginning on August 1, 2014 and ending on December 1, 2014, and the final payment of five hundred dollars (\$500) due on January 1, 2015. Should Respondents miss any payment the full amount remaining shall be immediately due and payable. All payments shall be sent 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.
4. Respondents shall jointly and severally pay two thousand five hundred dollars (\$2,500) as the costs of this investigation. One thousand five hundred dollars (\$1,500) of this amount shall be suspended provided Respondents comply with the terms of this Consent Order and do not violate the Missouri Securities Act for a period of three (3) years. One thousand dollars (\$1,000) shall be paid in four equal installments of two hundred fifty dollars (\$250), payable on the first of each month beginning August 1, 2014, and ending on November 1, 2014. Should Respondents miss any payment the full amount remaining shall be immediately due and payable. All payments shall be sent 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. The suspended payments in paragraphs 4 above 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 Consent Order, and such immediately due payments shall be in addition to all penalties then available under the law. The Commissioner will refer this matter for enforcement as provided in Sections 409.6-603 and 409.6-604, RSMo. (Cum. Supp. 2012). Upon Respondents' satisfaction of the terms referenced above, and Respondents' compliance with the terms of this Order for a period of three (3) years, the suspended payments in paragraphs 4 above shall be fully 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 17TH DAY OF JUNE, 2014.



JASON KANDER
SECRETARY OF STATE

A handwritten signature in blue ink that reads "Andrew M. Hartnett".

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

A handwritten signature in blue ink, appearing to be "Mary S. Hosmer".

Mary S. Hosmer
Assistant Commissioner of Securities

A handwritten signature in blue ink, appearing to be "Brad Eugene Cooper".

Brad Eugene Cooper
Respondent

A handwritten signature in blue ink, appearing to be "Brad Eugene Cooper".

Cooper Financial Solutions, LLC
Respondent

Approved as to Form:

A handwritten signature in black ink, appearing to be "Jeffrey J. Brunker".

Jeffrey J. Brunker
Attorney for Brad Eugene Cooper and Cooper
Financial Solutions, LLC