



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

VERTICAL SECURITIES, LLC;)	
VERTICAL GROUP, LLC;)	Case No. AP-04-63
DARYL BROWN,)	
3210 Bluff Creek Drive)	
Columbia, Missouri 65201,)	
)	
Respondents.)	

CONSENT ORDER

1. The Missouri Securities Division alleges that Vertical Securities, LLC; Vertical Group, LLC; and Daryl Brown transacted or were about to transact business in the State of Missouri in violation of §409.4-401, RSMo Cumulative Supp. 2003.
2. Respondents desire to settle the allegations and the matters raised by the staff of the Securities Division relating to their violations of Missouri Securities Laws.
3. Respondents and the Securities Division consent to the issuance of the Consent Order.
4. Respondents 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.
5. Respondents waive their right to a hearing with respect to this matter.
6. Respondents stipulate and agree that they waive any rights that they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Further, Respondents specifically forever release and hold 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. Respondents stipulate and agree that, should the facts contained herein prove to be false or incomplete, the Missouri Division of Securities preserves the right to pursue any and all legal or administrative remedies at its disposal.

STIPULATIONS OF FACT

8. Vertical Securities, LLC, ("Vertical Securities"), is a Missouri limited liability company created to engage in the business of providing general brokerage services and full service advice in the securities industry. Vertical Securities held itself out to be a Broker/Dealer and a member of NASD and SIPC. Nathan P. Reuter is the Registered Agent for Vertical Securities and has an address of 4509 Woodberry Court, Columbia, Missouri 65203.
9. Vertical Group, LLC, ("Vertical Group") purports to be a limited liability company with a business address of 3210 Bluff Creek Drive, Columbia, Missouri 65203. Vertical Group purports to be the sole owner of Vertical Securities.
10. Daryl Brown purports to be the Chairman/Principal of the Vertical Group with an address at 1001 Mohawk, Fulton, Missouri 65251.
11. From November 3, 2003 to May 2004, Respondents maintained a website at verticalgroupllc.com.
12. On the website, Respondents stated that:

Vertical Group, LLC is a wholly owned company with subsidiaries offering products in the mortgage banking business, insurance products such as life, auto, property & casualty, and health. Our financial company offers a wide range of services including general brokerage services, full service advice on virtually any Mutual Fund Family, Retirement Accounts and IRAs, Bonds, Stocks, Cash Management Services and Financial Planning. . . . (Emphasis added)...

[Vertical Securities offers] a wide range of services, including general brokerage services and full service advice on virtually any: mutual fund family, tax deferred, annuities and pension accounts....

Vertical Group has received invitations from industry leaders desiring to be our conduits to assure we are providing you with the best possible solutions for your financial needs...[t]his is a direct result of Vertical Group's position on the market and ability to increase your financial security. We then search within our group of providers to bring you the best solution to ensuring your financial security for your future.

13. Brown had given a Missouri resident ("MR") a business card identifying Vertical Securities as a "Broker/Dealer Member NASD, SIPC" (sic), and identifying Brown as the Chairman/Principal of the Vertical Group.
14. Respondents were not registered to transact business as a broker-dealer in the State of Missouri and had made no filings with the NASD or SIPC.
15. Respondents filed information with the Commissioner that was false. Respondents claimed, in a document filed with the commissioner that they had not used any promotional material, when, in fact, they had a website that contained promotional material about the broker-dealer.
16. An Order is in the public interest.

JURISDICTIONAL BASIS

17. Respondents and the Securities Division stipulate and agree that the Commissioner has jurisdiction over these matters pursuant to the 2003 Act, Chapter 409, et al.
18. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Consent Order pursuant to Section 409.6-604(h), RSMo Cumulative Supp. 2003, which provides that the commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.

ORDER

WHEREAS, the Commissioner, after consideration of the stipulations set forth above and on consent of Respondents and the Securities Division, finds the following Order to be in the public interest, necessary for the protection of public investors and consistent with the provisions of the 2003 Act.

NOW, THEREFORE, it is hereby Ordered that:

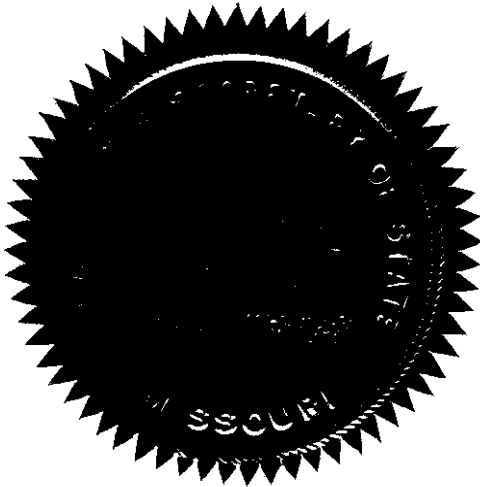
1. Respondents will delete all references to Vertical Securities from their website until Vertical Securities is registered as a broker-dealer in the State of Missouri.
2. Respondents will not distribute any business cards that indicate that Vertical Securities is a broker-dealer or is a member of the NASD or SIPC until Vertical Securities is registered as a broker-dealer in the State of Missouri or is a member of the NASD and SIPC.

- 3. Respondents shall pay their own costs and attorneys fees with respect to this matter.
- 4. Respondents shall pay \$5,000 to the Missouri Secretary of State's Investor Education and Protection Fund. Such amount shall be immediately due and payable.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 4th DAY OF January, 2005

**MATT BLUNT
SECRETARY OF STATE**



**DOUGLAS M. OMMEN
COMMISSIONER OF SECURITIES**

Consented to by:

**Mary S. Hosmer
Assistant Commissioner for Enforcement
Missouri Division of Securities**

Vertical Securities, LLC

Nathan P. Reuter

By:

President/CEO

Title

12-20-04

Date