



**STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE**

IN THE MATTER OF:

MICHAEL GLENN GRIMES, CRD # 841925	)	Case No. AP-05-01
11 Salem Estates	)	
St. Louis, Missouri 63124,	)	
	)	
Respondent.	)	

**CONSENT ORDER**

WHEREAS, the Missouri Securities Division has alleged that Respondent offered investment advice in the State of Missouri without benefit of registration in violation of Section 409.4-404, RSMo Cumulative Supp. 2003.

1. Respondent and the Securities Division desire to settle the allegations and the matters raised by the staff of the Securities Division relating to the alleged activities of Respondent.
2. Respondent and the Securities Division consent to the issuance of this Consent Order.
3. Respondent stipulates and agrees to the issuance of this Consent Order without further proceedings in this matter, agreeing to be bound by the terms and conditions specified herein.
4. Respondent waives his right to a hearing with respect to this matter.
5. Respondent stipulates and agrees that Respondent waives any rights Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of the Order and, further, 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.

6. Respondent stipulates and agrees 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

7. Michael Glenn Grimes ("Grimes") is an insurance agent licensed in Missouri to sell life insurance, variable contracts, accident and health insurance coverage.
8. From on or about August 1979 until February 13, 2004, Grimes was a Missouri-registered securities agent. Grimes represented several broker-dealer firms at various times during that period.
9. Grimes is an independent contractor who has been engaged as a solicitor by Barrington Capital Management, Inc. ("Barrington") for the purpose of "formalizing an investment relationship" between Barrington as an investment advisory firm and Grimes' former securities clients.
10. Barrington is a Missouri-registered investment adviser firm with a business address of 470 Miller Road, Barrington, Illinois 60010.
11. As used in this Consent Order, the term "Respondent" refers to Grimes.
12. On July 13, 1998, Grimes entered into Consent Order No. AO-98-13 with the Missouri Securities Division for falsely promoting himself as the "author" of a paperback book entitled "The Retiree's Guide to the Secrets of a Secure and Peaceful Retirement." *Grimes did not admit or deny the allegations of this Consent Order.* Grimes agreed, among other things, to cease promoting himself as an author and paid \$10,000 to the Missouri Secretary of State's Investor Education Fund.
13. On November 20, 2000, Grimes entered into Consent Order No. AO-00-20 with the Missouri Securities Division for engaging in a dishonest or unethical practice in the securities business by providing false or inaccurate client information to his broker-dealer firm on a client's new account form, and recommending the purchase of a low-priced speculative security to an inexperienced investor. *Grimes did not admit or deny the allegations of this Consent Order.* Grimes agreed, among other things, to be subject to special compliance supervision by his broker-dealer firm and paid \$15,000 in restitution to the client and \$1,000 to the Missouri Secretary of State's Investor Education Fund.

14. On March 1, 2001, Grimes entered into an Order of Acceptance, Waiver and Consent with the National Association of Securities Dealers ("NASD") for engaging in a pattern of making unsuitable investment recommendations. *Grimes did not admit or deny the allegations of this Order of Acceptance, Waiver and Consent.* Grimes paid a fine of \$27,500 to the NASD and received a 30-day suspension of his registration to sell securities.
15. On May 31, 2002, Grimes was directed by an NASD arbitration panel to pay the sum of \$6,293.48 to a client *who claimed Grimes made an unsuitable investment recommendation resulting in a financial loss to the client.*
16. On December 12, 2002, the Certified Financial Planner Board of Professional Review found that Grimes had "engaged in conduct in violation of the Code of Ethics and Professional Responsibility." The Board determined to permanently revoke Grimes' right to use the CFP professional designation.
17. On March 23, 2004, the Securities Division received information indicating that Grimes was providing investment advice to Missouri residents on behalf of Barrington without being registered as an investment adviser representative.
18. Copies of email correspondence from Grimes to clients of Barrington obtained by the Securities Division included such phrases used by Grimes as, "all nine [clients] moved their 401k to the money market on my recommendation;" "our indicators suggest you move your 401k to the money market;" "this action will allow me to service your plan;" and "suggest you allocate your 401k as follows. . . your age plus 10% to Eaton Vance Growth and the rest to Eaton Vance High-Income."
19. This Order is in the public interest.

#### JURISDICTIONAL BASIS

20. Respondent and the Securities Division stipulate and agree that the Commissioner has jurisdiction over these matters pursuant to Section 409.6-601, RSMo Cumulative Supp. 2003.

21. Respondent and the Securities Division stipulate and agree that the Commissioner has authority to enter this Consent Order pursuant to Section 409.6-604(h), of the 2003 Act, which provides:

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 the consent of Respondent 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 provision of Chapter 409, RSMo Cumulative Supp. 2003.

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

1. Respondent, his agents, employees and servants are prohibited from:
  - A. Offering investment advice regarding the purchase or sale of securities in or from the State of Missouri; and
  - B. Communicating by written correspondence through the U.S. Postal System or by electronic email correspondence with any clients of Barrington Capital Management, Inc. regarding investments in securities;
2. Respondent will not employ or provide office space for any registered securities agent who has a Series 7 license in Respondent's office location.
3. Respondent will immediately notify Barrington Capital Management, Inc. of all written and oral complaints received about Respondent from any client, or former client, including, but not limited to complaints related to offers or sales of securities; variable annuities; individual retirement accounts; pensions; or any other commission-based services. In addition, Respondent will provide all related documentation regarding such complaint to Barrington.
4. Respondent is prohibited from applying for registration as a securities agent or investment adviser representative in the State of Missouri for five (5) years from the date of this Order.

- 5. Respondent will pay his own costs and attorneys fees with respect to this matter.
- 6. Before the execution of the Order, Respondent shall pay \$27,500 to the Missouri Secretary of State's Investor Education and Protection Fund.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 29th DAY OF MARCH, 2005.



ROBIN CARNAHAN  
SECRETARY OF STATE

*David B. Cosgrove*  
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 DAVID B. COSGROVE  
 COMMISSIONER OF SECURITIES

Consented to by:  
MISSOURI SECURITIES DIVISION

*Mary S. Hosmer*  
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 Mary S. Hosmer  
 Assistant Commissioner for Enforcement

*Michael Glenn Grimes*  
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 Michael Glenn Grimes

Approved as to form

*Steve Koslovsky*  
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 Steve Koslovsky  
 Attorney for Respondent