



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
MICHAEL INDERLIED, CRD NO. 2131074, and ) Case No. AP-15-39  
TIMOTHY PAYNE, CRD NO. 2688766, )  
 )  
Respondents. )

**CONSENT ORDER**

**SUMMARY OF SECURITIES DIVISION'S ALLEGATIONS**

1. The Missouri Securities Division of the Office of Secretary of State ("Securities Division"), through Assistant Chief Counsel Jennifer Martin, has alleged that Michael Inderlied and Timothy Payne ("Respondents") engaged in dishonest and unethical practices in violation of Section 409.4-412 by making unsuitable investment recommendations, making misleading representations, and engaging in unfair sales practices. The Securities Division further alleges that these activities constitute grounds to issue an order pursuant to Section 409.6-604.
2. Respondents and the Securities Division desire to settle the allegations and the matters raised by the Securities Division relating to the Respondents' alleged violations of Section 409.4-412.

**CONSENT TO JURISDICTION**

3. Respondents and the Securities Division stipulate and agree that the Missouri Commissioner of Securities ("Commissioner") has jurisdiction over Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Securities Division stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), 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' rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents 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 Securities Division that, should the facts contained herein prove to be false or incomplete, the Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondents and the Securities Division 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 connection with litigation, arbitration, or 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 parties in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Securities Division, but consent to the entry of 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

A. Respondents and Related Parties

12. Michael Inderlied ("Inderlied"), Central Registration Depository ("CRD") number 2131074, was a Missouri-registered broker-dealer agent with Wilbanks Securities, Inc. ("Wilbanks Securities") from July 1999 until March 2008 and from June 2009 until January 2014. Inderlied is currently registered as a broker-dealer agent with Adirondack

Trading Group LLC (“Adirondack”), CRD number 103910, and as an investment adviser representative with Ridgeway Conger Advisory Services (“Ridgeway Conger”), CRD number 139372.

13. Timothy Payne (“Payne”), CRD number 2688766, was a Missouri-registered broker-dealer agent with Wilbanks Securities from July 1999 until March 2008 and from June 2009 until January 24, 2014. Payne is currently registered as a broker-dealer agent with Adirondack and as an investment adviser representative with Ridgeway Conger.
14. Inderlied’s Missouri insurance license expired on or about August 31, 2012. At all times relevant to this matter, Payne was a licensed insurance producer in Missouri with license number 8032549.
15. At all times relevant to this matter, neither Inderlied nor Payne was registered in Missouri as an investment adviser representative.
16. TNP, Inc. (“TNP”) is an Oklahoma corporation solely owned by Payne. Payne utilizes TNP to receive commissions from sales of securities and/or insurance products.
17. Wilbanks Securities is a Missouri-registered broker-dealer with a home office address of 4334 Northwest Expressway, Suite 222, Oklahoma City, Oklahoma 73116. Wilbanks Securities is registered in Missouri through the CRD with number 40673.
18. Wilbanks Securities Advisory, also known as Aaron Wilbanks & Associates, Inc. (“Wilbanks Advisory”), is a Missouri-registered investment adviser with a home office address of 4334 Northwest Expressway, Suite 222, Oklahoma City, Oklahoma 73116. Wilbanks Advisory is registered in Missouri through the CRD with number 118304.
19. As used herein, the term “Wilbanks” refers to Wilbanks Securities and Wilbanks Advisory.

#### B. Overview

20. Inderlied provided financial advice to an elderly Missouri resident (“MR”) and MR’s spouse since in or around 1999, and Inderlied and Payne together provided financial advice to MR’s spouse and MR since at least the first part of 2009.
21. MR’s spouse passed away on August 31, 2010, after which time MR was sole legal guardian for MR’s developmentally disabled adult son. The funeral for MR’s spouse took place in Illinois on September 4, 2010.
22. Over the 20 months following the funeral of MR’s spouse, Inderlied and Payne, as part of an investment strategy, had MR unsuitably purchase and prematurely liquidate numerous annuities, had MR purchase an unsuitable bond fund, and recommended that MR sell MR’s home, in part, to fund additional investments. During this time, Inderlied and Payne engaged in dishonest and unethical practices.

### C. Purchases of Prudential Variable Annuities

23. Inderlied and Payne arrived in Illinois on or about September 3, 2010, the day before the funeral for MR's spouse, to meet with MR. Inderlied and Payne brought to Illinois three previously completed Prudential variable annuity applications for MR's signature. MR was vulnerable and under great emotional and mental stress because of the loss of MR's spouse, as well as from difficulties stemming from that loss, such as funeral arrangements and caring for MR's son.
24. At this meeting, Inderlied and Payne had MR purchase three Prudential variable annuities ("Prudential VAs") totaling approximately \$863,980.42), which comprised nearly all of MR's liquid net worth. These purchases were in part funded with insurance proceeds from the death of MR's spouse. At least one of these purchases was funded, in part, with funds from the liquidation of MR's brokerage account.<sup>1</sup>
25. The three Prudential VAs purchased by MR comprised an unsuitably large portion of MR's liquid net worth (over 90%) and were each subject to an eight year surrender period, during which time MR would experience substantial illiquidity.
26. Inderlied and Payne inaccurately increased MR's liquid net worth to \$2,000,000 on the Wilbanks account forms accompanying the Prudential VA applications.
27. Inderlied and Payne submitted the Wilbanks account forms and the Prudential VA applications to Wilbanks for pre-approval. During this time, neither Wilbanks nor any Wilbanks compliance officer or employee ever discussed the Prudential VA investment recommendations with MR, Inderlied, or Payne.
28. Wilbanks received commissions from the sales of the three (3) Prudential VAs totaling \$54,801.60. Of this amount, Inderlied and Payne received commissions totaling approximately \$23,327.47.
29. Inderlied and Payne engaged in dishonest and unethical practices in the securities, investment, and/or insurance business by, among other things:
  - a. recommending and selling three Prudential VAs to MR as part of an investment strategy when Inderlied and Payne did not have reasonable grounds to believe that the recommendations and sales were suitable, because, among other things:

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<sup>1</sup> Variable annuities are highly complex products regarded by the Securities Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), and the North American Securities Administrators Association ("NASAA") as "generally not appropriate for most seniors or individuals near retirement because of their steep penalties incurred for early withdrawals." SEC, FINRA, and NASAA, *Investor Alert, Investment Products and Sales Practices Commonly Used to Defraud Seniors: Stories from the Front Line*, <http://www.sec.gov/spotlight/seniors/elderfraud.pdf>.

- i. at the time of the sales, MR was elderly, recently widowed, without a job, and was the sole legal guardian for MR's son. In addition, MR was risk-averse and needed substantial liquidity;
  - ii. Inderlied and Payne placed an unsuitably large portion (over 90%) of MR's liquid net worth into the Prudential VAs;
  - iii. MR's funds in the Prudential VAs owned by MR would be largely inaccessible for eight years because of the surrender schedules attached to those products, and Inderlied and Payne failed to adequately disclose the impact of that illiquidity on MR;
- b. engaging in unfair sales practices, including, but not limited to:
  - i. recommending transactions while attending the funeral of MR's spouse and when MR was in a vulnerable state and under great stress due to the loss of MR's spouse;
  - ii. recommending and selling complex products to MR when MR could not fully grasp MR's financial situation under the circumstances; and
  - iii. Inderlied and Payne failed to disclose the terms and conditions, and the market risks, of at least one of the Prudential VAs, including, but not limited to the high fees, costs, and surrender schedules; and
- c. making misleading representations, including, but not limited to:
  - i. misrepresenting MR's net worth on the Wilbanks account forms to give the appearance of suitability;
  - ii. failing to disclose how the high concentration of illiquid assets in the Prudential VAs would affect MR's financial situation; and
  - iii. failing to disclose how the lengthy surrender periods on the Prudential VAs would affect MR's financial situation.

#### D. First Investment in the Municipal Bond Fund

- 30. In or around the summer of 2011, MR received approximately \$45,000 from an inheritance and a matured certificate of deposit ("CD"). Inderlied and Payne had MR invest that \$45,000 in a high-yield class B municipal bond fund ("Muni Bond Fund") through Oppenheimer Funds.
- 31. The Muni Bond Fund had no restrictions with regard to investing in below-investment-grade bonds and was appropriate for aggressive investors able to withstand volatility.

32. Wilbanks received commissions from the sale of the Muni Bond Fund totaling \$1,800. Of this amount, Inderlied and Payne received commissions totaling approximately \$900.
33. Inderlied and Payne engaged in dishonest and unethical practices in the securities, investment, and/or insurance business, by recommending and having MR invest in the Muni Bond Fund MR when Inderlied and Payne did not have reasonable grounds to believe that the recommendations and sales were suitable, because, among other things:
  - a. at the time of the sales, MR was a conservative, risk-averse investor unable to withstand volatility; and
  - b. Inderlied and Payne had MR invest in the Muni Bond Fund which was appropriate for investors able to withstand significant volatility.

#### E. Investment in the Allianz Indexed Annuities and Second Investment in the Muni Bond Fund

34. In or around December 2011, Inderlied and Payne requested to meet with MR for an “annual review” of MR’s account.
35. Inderlied and/or Payne then met with MR in Missouri and brought to the meeting three completed Allianz equity-indexed annuity applications and another Muni Bond Fund application for MR’s signature.
36. Inderlied and Payne also recommended that MR liquidate the three Prudential VAs purchased in 2010 and a Liberty Life annuity they had MR purchase in or around September 2009 (“Liberty Annuity”).<sup>2</sup>
37. MR incurred surrender fees totaling approximately \$3,379.08 from the liquidation of the Liberty Annuity.<sup>3</sup>
38. MR incurred surrender fees totaling approximately \$82,202 from the liquidation of the three Prudential VAs.
39. Inderlied and Payne did not appropriately recommend 1035-exchanges and/or rollovers for the Liberty Annuity and three Prudential VAs, but rather had all of MR’s liquidated annuity funds transferred to MR’s bank account.<sup>4</sup>

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<sup>2</sup> Inderlied and Payne recommended and MR and MR’s spouse purchased the Liberty Annuity in or around September 2009. The Liberty Life Annuity had a twelve (12) year surrender period.

<sup>3</sup> MR’s total surrender penalty was fourteen thousand eight hundred fifty-nine dollars and fifty-six cents (\$14,859.56); however, the annuity contract contained a market value adjustment (“MVA”) that totaled eleven thousand four hundred eighty dollars and fifty cents (\$11,480.50), which lowered the total charge assessed against MR to three thousand three hundred seventy-nine dollars and eight cents (\$3,379.08).

<sup>4</sup> A 1035 exchange allows a client to replace an annuity without triggering a tax liability for the surrender of the existing contract. Further, annuity companies use 1035 exchanges to more thoroughly and adequately verify suitability of replacement annuities. A replacement of client’s annuity without a 1035 exchange may be evidence that the investment adviser representative and/or agent of record is concealing an unsuitable sale.

40. With the liquidated annuity funds in MR's bank account, Inderlied and Payne first recommended and had MR invest \$284,439.27 in the Muni Bond Fund.
41. Additionally with the liquidated annuity funds in MR's bank account, Inderlied and Payne also recommended and had MR invest in three Allianz equity-indexed annuities ("Allianz EIAs"), totaling approximately \$558,570.09. The purchase of the three Allianz EIAs subjected MR to a new surrender schedule of ten years for each EIA.<sup>5</sup>
42. Inderlied and Payne stated that MR would receive an "upfront premium bonus" on the three Allianz annuities to offset any surrender penalties of the three existing Prudential VAs. Inderlied and Payne did not fully or adequately explain to MR that this "premium bonus" was not an "upfront" bonus but was actually deferred in nature and that it would not fully vest until MR met certain benchmarks and was 96 years old.
43. Inderlied and Payne misrepresented information in each of MR's three Allianz EIA applications. This consisted of, among other things, the following:
  - a. Inderlied and Payne represented MR's net worth as \$3,000,000, which was inflated and \$1,000,000 more than what MR's net worth figures were reflected as MR's net worth the prior year;
  - b. Inderlied and Payne represented the funds to purchase each of the Allianz EIAs were from a "checking/sav." account and/or "cash," rather than generated from the sale of existing annuities that had been closed out within the "look-back" period, or at least four months prior to the purchase of the Allianz EIAs; and
  - c. each Allianz EIA would not "replace or change an existing...annuity contract."
44. The Allianz EIAs purchased by MR in or around December 2011 comprised an unsuitably large portion of MR's liquid net worth.
45. Inderlied and Payne submitted the three Allianz EIA applications to Wilbanks employee, Jerome Alexander, and the Muni Bond Fund application to Wilbanks. During this time, neither Wilbanks nor any Wilbanks compliance officer or employee ever discussed the Allianz EIA investment recommendations or the Muni Bond Fund investment recommendation with MR, Inderlied, or Payne.
46. Wilbanks received commissions from the sale of the Muni Bond Fund totaling \$11,377.37. Of this amount, Inderlied and Payne received commissions totaling approximately \$4,588.79.
47. Payne received all the commissions from the sales of the three Allianz EIAs totaling \$27,928.50 through TNP. Payne subsequently split the commissions with Inderlied by paying Inderlied as an independent contractor of TNP. Inderlied did not disclose TNP on

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<sup>5</sup> Equity-indexed annuities ("EIAs") are highly complex products which combine characteristics of both fixed and variable annuities.

CRD or to Wilbanks as an outside business activity. Moreover, Inderlied was not a licensed Missouri insurance producer at this time.

48. Wilbanks received commissions from the sales of the three Allianz EIAs totaling \$2,792.85.
49. Allianz rescinded all three of MR's annuity contracts at the request of Allianz's Special Investigations Unit ("SIU") once Allianz discovered the misrepresented information on MR's applications. In addition to the rescissions, Allianz required Wilbanks' and Payne's commissions from the sale of the three Allianz EIAs be repaid to Allianz.
50. Inderlied and Payne engaged in dishonest and unethical practices in the securities, investment, and/or insurance business by, among other things:
  - a. making unsuitable investment recommendations to MR as part of an investment strategy:
    - i. these investment recommendations included, among other things:
      1. having MR liquidate each of the Prudential VAs 15 months after the purchase dates, which resulted in substantial surrender charges;
      2. having MR liquidate the Liberty Annuity 27 months after the purchase date, which resulted in substantial surrender charges;
      3. having MR's liquidated funds from each of the three Prudential VAs and the Liberty Annuity be placed in MR's bank account;
      4. having MR replace each of the Prudential VAs and Liberty Annuity with the Allianz EIAs;
      5. having MR place over 55% of MR's liquid net worth into the Allianz EIAs; and
      6. having MR invest in the Muni Bond Fund primarily for aggressive investors able to withstand volatility;
    - ii. these recommendations were unsuitable because, among other things:
      1. MR was elderly, widowed, without a job, risk-averse, sole legal guardian of MR's son, and needing substantial liquidity at this time;



2. Inderlied and Payne had MR liquidate the three Prudential VAs and Liberty Annuity and incur resulting surrender penalties without any reasonable justification;
  3. Inderlied and Payne had MR's liquidated annuity funds transferred to MR's bank account without reasonable justification;
  4. Inderlied and Payne had MR replace MR's existing annuities with the Allianz EIAs without reasonable justification;
  5. Inderlied and Payne placed an unsuitable amount of MR's liquid net worth into the three Allianz EIAs, which are complex products. This over-concentrated investment amount was risky and unaffordable for MR;
  6. the funds Inderlied and Payne had MR invest in each of the three Allianz EIAs would be largely inaccessible for periods of 10 years due to the surrender schedules; and
  7. the Muni Bond Fund was designed for aggressive investors able to withstand volatility, and MR was a conservative investor unable to withstand this volatility;
- b. making misleading representations, including, but not limited to, the following:
- i. stating to MR that the December 2011 meeting was only to conduct an annual review of MR's account, when, in actuality, Inderlied and Payne intended to recommend replacement annuities for MR;
  - ii. inaccurately increasing MR's net worth on each of the three Allianz EIA applications;
  - iii. misrepresenting the source of funds on each of the Allianz EIA applications;
  - iv. misrepresenting on each of the Allianz EIA applications that the MR's purchases of the three Allianz EIAs would not replace an existing annuity, when, in fact, the Allianz EIAs replaced the Prudential VAs;
  - v. failing to disclose to MR:
    1. the potential tax penalties and substantial surrender charges from the liquidations of the Prudential VAs and Liberty Annuity;
    2. how the high concentration of illiquid assets in the Allianz EIAs would affect MR's financial situation;

3. the costs associated with the upfront premium bonus on the Allianz EIAs, how MR could realize the benefits from those bonus features, and the length of time between the purchase date and the date upon which MR could realize those bonuses;
  4. the surrender schedules and how the lengthy surrender periods on the Allianz EIAs would affect MR's financial situation;
  5. the market risks associated with the Allianz EIAs;
  6. that the Junk Bond Fund was only for aggressive investors;
  7. that the Junk Bond Fund invests without limit in below-investment-grade bonds and/or unrated securities; and
  8. that the Junk Bond Fund could be susceptible to unusual volatility.
- c. engaging in unfair sales practices, which included, among other things, having the liquidated annuity funds transferred to MR's bank account to conceal the source of funds for the subsequent purchases of the Allianz EIAs and the Muni Bond Fund.

#### F. Estate Planning Issues

51. Inderlied had a long-standing relationship as a financial advisor to MR's spouse and MR and made personalized recommendations to MR's spouse and MR. When MR's spouse passed away, MR was elderly, vulnerable, and the sole legal guardian for MR's developmentally disabled son. Due to the long-standing relationship between Inderlied and Payne and MR's family, MR held Inderlied in a position of trust and confidence. Because of this relationship, MR believed that Inderlied would make recommendations in the best interests of MR. Due to the nature of Inderlied's relationship with MR, Inderlied owed a fiduciary duty to MR. Inderlied violated this fiduciary duty, by, among other things:
- a. encouraging MR to sell MR's home to downsize and obtain liquidity for, in part, additional investments;
  - b. discussing the appointment of Inderlied as successor trustee of the trust created for the benefit of MR's son; and
  - c. discussing the appointment of Inderlied as successor guardian for MR's son.

#### F. Inderlied OTR and Payne OTR

52. On July 9, 2014, Inderlied appeared before the Securities Division to give an on-the-record interview (“Inderlied OTR”). On July 10, 2014, Payne appeared before the Securities Division to give an on-the-record interview (“Payne OTR”). During the course of the Inderlied OTR and Payne OTR, Inderlied and/or Payne stated, among other things, the following:
- a. Inderlied and Payne have worked together since the late-1990’s. During this time, Inderlied performed a majority of the financial planning for clients, and Payne completed the administrative and customer service functions;
  - b. They were not aware of any safeguards in place to ensure Inderlied and Payne had an adequate knowledge-base to recommend and/or sell financial products;
  - c. Inderlied and Payne provided inexact information regarding MR’s net worth on investment applications and Wilbanks asset forms;
  - d. Inderlied’s income from TNP was not disclosed to Wilbanks as outside business activity;
  - e. Inderlied and Payne only brought the three Prudential VA applications to the meeting with MR on September 3, 2010, the day before the funeral for MR’s spouse;
  - f. Inderlied and Payne did not disclose to MR all fees associated with a variable annuity, specifically the mortality and expense fee and why that fee was to be assessed against MR;
  - g. Inderlied and Payne failed to disclose to Allianz that the Allianz EIAs were intended to replace the variable annuities sold to MR approximately one (1) year prior;
  - h. Inderlied discussed becoming the successor guardian of MR’s disabled adult son, in part, as “it might be an opportunity to segue into future business activities...”;
  - i. Inderlied and Payne had no direct supervisors at Wilbanks;
  - j. Wilbanks does not “have any special procedures related to seniors”;
  - k. sales of equity-indexed annuities would go through Wilbanks doing business as Associates Diversified Brokerage;
  - l. Wilbanks did not review the Written Supervisory Procedures (“WSPs”) with Inderlied and/or Payne;

- m. Wilbanks never reviewed with Inderlied and Payne the findings from Inderlied's and Payne's audits. Rather, Wilbanks instructed Inderlied and Payne to sign that the audits were complete; and
- n. The Wilbanks infrastructure is "flawed... They've got two guys running this compliance department that are buried. These two guys are not only responsible for filing the in-house [responsibilities], these are the two guys that have to travel abroad and do the audits at different reps' offices around the country... [How] can they carry the workload?"

## II. CONCLUSIONS OF LAW

- 53. The Commissioner finds the Respondents engaged in dishonest and unethical practices and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604.
- 54. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Securities Division, 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.

## III. ORDER

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

- 1. Respondents, Respondents' 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 engaging in dishonest and unethical practices.
- 2. Respondents are each hereby Censured.
- 3. Respondents are hereby prohibited from applying as investment adviser representatives or agents in Missouri, unless any such application is conditioned upon Respondents serving a probationary period of heightened supervision for three years.
- 4. Neither Respondent Inderlied nor Respondent Payne shall act as a trustee of a trust, attorney-in-fact under power of attorney, estate administrator of an estate, guardian, conservator, or any in a similar fiduciary capacity for a client and/or client's family members, unless such client is an immediate family member of the respective Respondent.
- 5. Respondents shall promptly notify the Division of any complaints by Missouri residents;
- 6. Respondent Inderlied is ordered to pay \$17,750 in restitution. Ten thousand of this amount is suspended provided Respondent Inderlied complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of three years from the date of execution of this Consent Order. The remaining \$7,750 amount shall be

sent or delivered to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. Respondent Inderlied shall pay this amount in 18 equal monthly installments of at least \$425, which payments shall be due and payable on the first of each month beginning on January 1, 2016, continuing until the entire amount is paid in full, with the final payment of \$525 being due on or before June 1, 2017. All restitution payments shall be sent or delivered to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be made payable to the Missouri Secretary of State's Investor Restitution Fund. These payments will be distributed by that Fund to the investor in the amount as stated in the attached Exhibit A.

7. Respondent Payne is ordered to pay \$17,750 in restitution. Ten thousand of this amount is suspended provided Respondent Payne complies with the terms of this Consent Order and does not violate the Missouri Securities Act for a period of three years from the date of execution of this Consent Order. The remaining \$7,750 amount shall be sent or delivered to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. Respondent Payne shall pay this amount in 18 equal monthly installments of at least \$425, which payments shall be due and payable on the first of each month beginning on January 1, 2016, continuing until the entire amount is paid in full, with the final payment of \$525 being due on or before June 1, 2017. All restitution payments shall be sent or delivered to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be made payable to the Missouri Secretary of State's Investor Restitution Fund. These payments will be distributed by that Fund to the investor in the amount as stated in the attached Exhibit A.
8. Respondents are ordered to jointly and severally pay \$1,000 as the cost of this investigation in this matter. Respondents shall pay this amount within 90 days of the date of this Order. These payments shall be sent or delivered to the Missouri 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.
9. Respondent Inderlied shall pay a civil penalty of \$20,000 for multiple violations of Section 409.4-412. This amount will be suspended provided Respondent Inderlied complies with the terms of this Order and does not violate the Missouri Securities Act for a period of three years.
10. Respondent Payne shall pay a civil penalty of \$20,000 for multiple violations of Section 409.4-412. This amount will be suspended provided Respondent Payne complies with the terms of this Order and does not violate the Missouri Securities Act for a period of three years.
11. Upon Respondent Inderlied's failure to comply with the terms of this Consent Order, the suspended payments in paragraphs 6 and 9 shall become immediately payable, under operation of law, and such immediately due payments shall be in addition to all other penalties then available under the law. The Commissioner may take all available actions to enforce this Consent Order. If, on the date which is three years from the date of this

Consent Order, Respondent Inderlied has complied with the terms of this Consent Order, the suspended payments in paragraphs 6 and 9 shall be fully and finally waived.

12. Upon Respondent Payne's failure to comply with the terms of this Consent Order, the suspended payments in paragraphs 7 and 10 shall become immediately payable, under operation of law, and such immediately due payments shall be in addition to all other penalties then available under the law. The Commissioner may take all available actions to enforce this Consent Order. If, on the date which is three years from the date of this Consent Order, Respondent Payne has complied with the terms of this Consent Order, the suspended payments in paragraphs 7 and 10 shall be fully and finally waived.
13. In light of severe and immediate health issues impacting each Respondent, nothing herein shall be construed to prevent either Respondent from petitioning the Commissioner to suspend payment obligations, and/or to reduce or fully waive any of the amounts stated hereunder, and the Commissioner and the Securities Division expressly acknowledge that either Respondent may so petition.
14. Respondents shall pay Respondents' 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 2<sup>nd</sup> DAY OF November, 2015.



JASON KANDER  
SECRETARY OF STATE

*Andrew M. Hartnett*

ANDREW M. HARTNETT  
COMMISSIONER OF SECURITIES

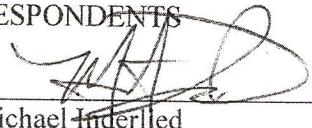
Consented to by:

THE MISSOURI SECURITIES DIVISION

*Jennifer J. Martin*

Jennifer J. Martin  
Assistant Chief Counsel

RESPONDENTS



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Michael Hinderled

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Timothy Payne

RESPONDENTS

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Michael Inderlied

*Timothy Payne*  
Timothy Payne

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