



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
JAMES D. STINSON, JR., CRD No. 4005905,)
)
Respondent.) Case No.: AP-16-16
)
Serve:)
)
James D. Stinson, Jr., at:)
12828 Sunset Glen Estates)
St. Louis, Missouri 63127)

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

On April 18, 2016, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Scott Snipkie, submitted a Petition for Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed. After reviewing the petition, the Commissioner issues the following order:

I. ALLEGATION OF FACTS

The petition alleges the following facts:

A. Respondent and Related Parties

1. James D. Stinson, Jr. (“Stinson”) was, at all times relevant and until March 6, 2016, a Missouri-registered investment adviser representative and broker-dealer agent. Stinson was registered in Missouri through the Central Registration Depository (“CRD”) with number 4005905, and has a last known address of 12828 Sunset Glen Estates, St. Louis, Missouri 63127.
2. LPL Financial, LLC (“LPL”) is a federal-covered investment adviser, registered with the Securities and Exchange Commission (“SEC”) since August 1975, and notice-filed in Missouri since March 1991, with a home office address of 75 State Street, 22nd Floor, Boston, Massachusetts 02109. LPL has also been a Missouri-registered broker-dealer

since July 1983, and is registered in Missouri through the CRD with number 6413. Respondent was employed by LPL first from January 20, 2004 until February 20, 2008 and again from November 24, 2014 until March 6, 2016.

3. U.S. Bancorp Investments, Inc. (“USBancorp”) is a federal-covered investment adviser, registered with the SEC and notice-filed in Missouri since July 2007. For the period May 2002 through July 2007, USBancorp was a Missouri-registered investment adviser. USBancorp has a home office address of 60 Livingston Avenue, EP-MN-WN3C, Saint Paul, Minnesota 55107. USBancorp has also been a Missouri-registered broker-dealer since October 1989, and is registered in Missouri through the CRD with number 17868. Respondent was employed by USBancorp from June 2, 2008 until August 22, 2013.

B. Enforcement Section Investigation

4. On or about January 29, 2016, the Enforcement Section opened an investigation on LPL and Stinson for, among other things, Stinson’s failure to timely update his Uniform Application for Securities Industry Registration or Transfer Form (“U4”) filings with regard to two judgments and a tax lien and subsequent garnishment described as follows:
 - a. June 6, 2005: *Beneficial Missouri, Inc. v. Stinson*, case number 22040-13009-01, judgment against Stinson in the amount of \$18,024.94. This judgment was later satisfied on July 1, 2009;
 - b. November 8, 2006: *William A. Catlett, LLC v. Stinson*, case number 2106AC-27699, judgment against Stinson in the amount of \$410. This judgment was later satisfied on October 2, 2009; and
 - c. October 31, 2014: *Missouri Department of Revenue v. Stinson*, case number 14SL-MC15523, a tax lien case against Stinson in the amount of \$15,312.16. This subsequently resulted in a garnishment on May 26, 2015 in the amount of \$15,548.73 (same case number).

U4 Filings

5. A review of Stinson’s U4 filings, particularly his answers to question 14M that asks, “Do you have any unsatisfied judgments or liens against you?” revealed that Respondent answered “No” on the following:
 - a. U4 amendments dated September 8, 2005, October 19, 2005, March 10, 2006, November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, and March 7, 2009, despite the judgment in the case *Beneficial Missouri Inc. v. Stinson*, case number 22040-13009-01, issued June 6, 2005 in the amount of \$18,024.94;
 - b. U4 amendments dated November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, March

7, 2009, August 28, 2009, and September 22, 2009, despite the judgment in the case *William A. Catlett, LLC v. Stinson*, case number 2106AC-27699, issued November 8, 2006, in the amount of \$410; and

- c. U4 amendments dated December 8, 2014, March 30, 2015, April 2, 2015, April 28, 2015, September 29, 2015, and January 11, 2016, despite the judgment in the case *Missouri Department of Revenue v. Stinson*, case number 14SL-MC15523, on October 31, 2014, from which a tax lien in the amount of \$15,312.16 was issued, and later a garnishment on May 26, 2015, in the amount of \$15,548.73.
6. On July 2, 2008, Respondent made an application for registration by making an initial U4 filing on which Respondent answered “No” to question 14M despite the 2005 judgment in favor of Beneficial Missouri, Inc. and the 2006 judgment in favor of William A. Catlett, LLC.
 7. On November 24, 2014, Respondent made an application for registration by making an initial U4 filing on which Respondent answered “No” to question 14M despite the judgment in favor of the Missouri Department of Revenue.
 8. On February 4, 2016, the Enforcement Section sent a target letter to LPL asking for, among other things, an explanation concerning why Stinson failed to report the above-mentioned judgments and tax lien and why LPL failed to identify and disclose the judgments and tax lien.
 9. In their response dated February 25, 2016, LPL stated, among other things:
 - a. it was LPL’s belief that the judgment in favor of Beneficial Missouri was disclosed and timely filed;
 - b. LPL was not aware of the \$410 judgment since it did not appear on credit reports that LPL utilizes for its onboarding process;
 - c. the \$15,312.16 tax lien did not appear on credit reports that LPL utilizes as part of its onboarding process;
 - d. Stinson failed to disclose the \$410 judgment and \$15,312.16 tax lien to LPL;
 - e. Stinson updated his U4 filing disclosing the judgment and tax lien on February 18, 2016; and
 - f. Stinson declined to provide a response to the Enforcement Section’s concerns.
 10. In an e-mail dated March 7, 2016, LPL told the Enforcement Section that Stinson was being terminated due to “credit and production concerns.” On March 8, 2016, LPL filed a U5 related to its termination of Stinson.

11. On March 8, 2016, the Enforcement Section sent a letter requesting information to Stinson's last known address. This letter was returned "unclaimed unable to forward" on March 31, 2016.
12. Prior to the return of the inquiry letter, the Enforcement Section called Stinson at his last known home telephone number and left a message, but Stinson has not responded.

II. COMMISSIONER'S DETERMINATION AND FINDING

Count I – Multiple Violations of Failing to Promptly Make Correcting Amendments to Inaccurate Applications

13. **THE COMMISSIONER DETERMINES** that Respondent failed to promptly file correcting amendments to his applications when information contained in the application became inaccurate or incomplete in any material respect, including disclosing the following events or occurrences:
 - a. on June 6, 2005, in the case of *Beneficial Missouri, Inc. v. Stinson*, case number 22040-13009-01, the Court entered judgment against Stinson in the amount of \$18,024.94;
 - b. on November 8, 2006, in the case of *William A. Catlett, LLC v. Stinson*, case number 2106AC-27699, the Court entered judgment against Stinson in the amount of \$410; and
 - c. on October 31, 2014, in the case of *Missouri Department of Revenue v. Stinson*, case number 14SL-MC15523, the Court entered a tax lien case against Stinson in the amount of \$15,312.16. This subsequently resulted in a garnishment on May 26, 2015 in the amount of \$15,548.73 (same case number).
14. 15 CSR 30-51.160(3)(A) states that a correcting amendment shall be filed "not later than thirty (30) days following the specified event or occurrence."
15. Respondent failed to file correcting amendments to his applications within thirty (30) days disclosing the abovementioned judgments or lien in violation of Section 409.4-406(b), RSMo (Cum. Supp. 2013).¹
16. Respondent's failures to promptly file correcting amendments to his applications disclosing the above judgments or lien constitute multiple violations of Section 409.4-406(b), and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

¹ Unless otherwise specified, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

Count II – Multiple Violations of Making False or Misleading Filings

17. **THE COMMISSIONER FURTHER DETERMINES** that Respondent made or caused to be made, in a record that is used in an action or proceeding or filed under the Missouri Securities Act of 2003, a statement that, at the time and in the light of the circumstances under which it was made, was false or misleading in a material respect, when:
- a. Respondent answered “No” to question 14M which asks specifically, “Do you have any judgments or liens against you?” on the following amended U4 filings:
 - i. those dated September 8, 2005, October 19, 2005, March 10, 2006, November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, and March 7, 2009, despite the judgment in the case *Beneficial Missouri Inc. v. Stinson*, case number 22040-13009-01, issued June 6, 2005 in the amount of \$18,024.94;
 - ii. those dated November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, March 7, 2009, August 28, 2009, and September 22, 2009, despite the judgment in the case *William A. Catlett, LLC v. Stinson*, case number 2106AC-27699, issued November 8, 2006, in the amount of \$410; and
 - iii. those dated December 8, 2014, March 30, 2015, April 2, 2015, April 28, 2015, September 29, 2015, and January 11, 2016, despite the judgment in the case *Missouri Department of Revenue v. Stinson*, case number 14SL-MC15523, on October 31, 2014, from which a tax lien in the amount of \$15,312.16 was issued, and later a garnishment on May 26, 2015, in the amount of \$15,548.73;
 - b. on July 2, 2008, Respondent made an application for registration by filing an initial U4 on which Respondent answered “No” to question 14M despite the 2005 judgment in favor of Beneficial Missouri, Inc. and the 2006 judgment in favor of William A. Catlett, LLC; and
 - c. on November 24, 2014, Respondent made an application for registration by filing an initial U4 on which Respondent answered “No” to question 14M despite the judgment in favor of the Missouri Department of Revenue.
18. On 21 separate occasions from September 8, 2005 until January 11, 2016, Respondent answered “No” to question 14M despite the contemporaneous existence of the judgments or lien noted above.
19. Respondent filed initial applications for registration and amendments thereto with false answers to question 14M in violation of Section 409.5-505.

20. Respondent's conduct in violation of Section 409.5-505 constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

**Count III – Multiple Violations of Filing Incomplete, False,
and Misleading Applications for Registration**

21. **THE COMMISSIONER FURTHER DETERMINES** that Respondent filed multiple incomplete, false, or misleading applications for registration in Missouri, which as of the effective date of registration was incomplete in any material respect or contained a statement that, in light of the circumstances under which it was made, was false or misleading with respect to a material fact, when:
- a. on July 2, 2008, Respondent made an application for registration by filing an initial U4 on which Respondent answered "No" to question 14M despite the 2005 judgment in favor of Beneficial Missouri, Inc. and the 2006 judgment in favor of William A. Catlett, LLC; and
 - b. on November 24, 2014, Respondent made an application for registration by filing an initial U4 on which Respondent answered "No" to question 14M despite the judgment in favor of the Missouri Department of Revenue.
22. On each of the above occasions, at the time of the application and when the registration Respondent applied for became effective, Respondent's answers to question 14M were false with respect to the judgments and lien described above.
23. Respondent filed applications described above with false statements as to material facts in violation of Section 409.4-412(d)(1).
24. Respondent's conduct in violation of Section 409.4-412(d)(1) constitutes grounds to censure and/or impose a civil penalty and such conduct is, therefore, subject to the Commissioner's authority under Section 409.4-412.

**Count IV – Multiple Violations of Willfully Violating or Willfully
Failing to Comply with the Missouri Securities Act of 2003**

25. **THE COMMISSIONER FURTHER DETERMINES** that Respondent willfully violated or willfully failed to comply with the Missouri Securities Act of 2003, when:
- a. Respondent answered "No" to question 14M which asks specifically, "Do you have any judgments or liens against you?" on the following amended U4 filings:
 - i. those dated September 8, 2005, October 19, 2005, March 10, 2006, November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, and March 7, 2009, despite the judgment in the case *Beneficial Missouri Inc. v.*

Stinson, case number 22040-13009-01, issued June 6, 2005 in the amount of \$18,024.94;

- ii. those dated November 24, 2006, June 22, 2007, September 12, 2008, October 28, 2008, November 12, 2008, January 20, 2009, March 19, 2009, March 7, 2009, August 28, 2009, and September 22, 2009, despite the judgment in the case *William A. Catlett, LLC v. Stinson*, case number 2106AC-27699, issued November 8, 2006, in the amount of \$410; and
 - iii. those dated December 8, 2014, March 30, 2015, April 2, 2015, April 28, 2015, September 29, 2015, and January 11, 2016, despite the judgment in the case *Missouri Department of Revenue v. Stinson*, case number 14SL-MC15523, on October 31, 2014, from which a tax lien in the amount of \$15,312.16 was issued, and later a garnishment on May 26, 2015, in the amount of \$15,548.73.
26. On 19 separate occasions from September 8, 2005 until January 11, 2016, Respondent answered “No” to question 14M on amended U4 filings despite the contemporaneous existence of the judgments or lien noted above.
27. Respondent willfully violated or willfully failed to comply with the Missouri Securities Act of 2003 by filing amendments to his applications with false answers to question 14M in violation of Section 409.4-412(d)(2).
28. Respondent’s conduct in violation of Section 409.4-412(d)(2) constitutes grounds to censure and/or impose a civil penalty and such conduct is, therefore, subject to the Commissioner’s authority under Section 409.4-412.
29. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

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 be prohibited from violating or materially aiding in any violation of:

- A. Section 409.4-406(b) by failing to promptly make correcting amendments to inaccurate applications; and
- B. Section 409.5-505 by making false or misleading filings.

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to

grant the Enforcement Section's requests for:

- A. \$10,000 civil penalty against Respondent for more than one violation of Section 409.4-406(b);
- B. \$10,000 civil penalty against Respondent for more than one violation of Section 409.5-505; and
- C. An order against Respondent to pay the costs of the investigation in this proceeding, after a review of evidence of the amount submitted by the Enforcement Section.

Pursuant to Section 409.4-412, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$50,000 civil penalty against Respondent for several violations of Section 409.4-412(d)(1);
- B. \$50,000 civil penalty against Respondent for several violations of Section 409.4-412(d)(2); and
- C. An order censuring Respondent for violations of Section 409.4-412(d)(1) and 409.4-412(d)(2).

SO ORDERED:

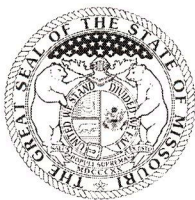
WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS TWENTY-EIGHTH DAY OF APRIL, 2016.



JASON KANDER
SECRETARY OF STATE

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

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
JAMES D. STINSON, JR., CRD No. 4005905,)
)
Respondent.) Case No.: AP-16-16
)
Serve:)
)
James D. Stinson, Jr., at:)
12828 Sunset Glen Estates)
St. Louis, Missouri, 63127)

NOTICE

TO: Respondent 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 Sections 409.6-604(b), 409.4-412(f), RSMo (Cum. Supp. 2013), 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 28th day of April, 2016, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Costs, and Censure Should Not Be Imposed in the above styled case was **mailed by Certified U.S. mail to:**

James D. Stinson, Jr.
12828 Sunset Glen Estates
St. Louis, Missouri 63127

and by hand-delivery to:

Scott Snipkie
Enforcement Counsel
Missouri Securities Division



Marsha Presley
Securities Office Manager