

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of)	
)	FINDINGS OF FACT
Richards, Merrill & Peterson, Inc.)	CONCLUSIONS OF LAW
One Skywalk, US Bank Building)	AND
422 West Riverside Avenue)	CONSENT ORDER
Spokane, Washington)	

CRD: 713

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2012; Cum. Supp. 2014) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the Department has investigated the acts of Richards, Merrill & Peterson, Inc., One Skywalk, US Bank Building, 422 West Riverside Avenue, Spokane, Washington (“RMP”), CRD #713. As a result of such investigation, and being fully advised and informed in the matter, the Director and RMP enter into the following Findings of Fact, Conclusions of Law and Consent Order (“Order”).

FINDINGS OF FACT

1. RMP is a corporation organized pursuant to the laws of Washington. At all times relevant hereto, RMP was not registered as a broker-dealer in Nebraska.
2. On January 5, 2014, RMP filed an application for registration as a broker-dealer in Nebraska through the Central Registration Depository (“CRD”).
3. As part of its application, RMP submitted to the Department an “Affidavit of Broker Dealer Activity in Nebraska” in which it attested that it had not conducted broker-dealer activity in Nebraska.

4. As part of its review of the application, the Department contacted First Clearing, LLC (“First Clearing”), RMP’s clearing broker. According to information supplied by First Clearing, RMP had accounts for four Nebraska residents. RMP conducted thirty-one trades between 2003 and 2013 and eight trades in 2014 for these Nebraska residents.

5. After learning of the trades from First Clearing, the Department contacted RMP. RMP confirmed that the trades had occurred. RMP represented that three of the accounts were opened when the individuals were residents of Washington, and that those individuals had subsequently moved to Nebraska. These accounts were transferred from RMP in 2013. The other account was opened as a result of an inheritance and is active as of the date of this Order.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 8-1101(2) (Cum. Supp. 2014) defines broker-dealer as “any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account.”

2. Neb. Rev. Stat. § 8-1103(1) (Reissue 2012) provides that it shall be unlawful for any person to transact business in this state as a broker-dealer unless registered or exempt from registration under the Act.

3. The facts set forth in Findings of Fact Nos. 4 and 5 constitute RMP acting as a broker-dealer without registration, in violation of Neb. Rev. Stat. § 8-1103(1). Each trade constitutes a separate violation of the Act.

4. Neb. Rev. Stat. § 8-1113 (Reissue 2012) prohibits any person from making or causing to be made, in any document filed with the Department, any statement which is, at the time and in the light of the circumstances which it is made, false or misleading in any material aspect.

5. The facts set forth in Finding of Fact No. 3 constitute RMP making a statement that was false and misleading in a document filed with the Department.

6. Neb. Rev. Stat. § 8-1108.01(4) (Reissue 2012) provides that the Director may, after giving reasonable notice and an opportunity for a hearing under this section, impose a fine not to exceed twenty-five thousand dollars per violation, in addition to costs of the investigation, upon any person found to have engaged in any act or practice which would constitute a violation of the Act or any rule, regulation, or order issued under the Act.

7. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

8. It is in the best interest of RMP, and it is in the public's best interest, for RMP and the Director to mutually resolve the issues included herein.

STIPULATIONS

In connection with this Consent Order, RMP and the Director stipulate to the following:

1. The Department has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters between the Department and RMP in connection with the Findings of Fact listed above. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the Department.

RMP further represents as follows:

1. RMP is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. RMP is acting free from any duress or coercion of any kind or nature.

3. This Consent Order is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Order and for no other purpose.

CONSENT ORDER

IT IS THEREFORE ORDERED that:

1. Within ten days after the effective date of this Consent Order, RMP shall pay a fine of Two Thousand Five Hundred Dollars (\$2,500.00) for its violations of Neb. Rev. Stat. § 8-1103(1) by acting as a broker-dealer without registering with the Department.

2. Within ten days after the effective date of this Consent Order, RMP shall pay a fine of Five Thousand Hundred Dollars (\$5,000.00) for its violation of Neb. Rev. Stat. § 8-1113 by providing false and misleading information to the Department.

3. Within ten days after the effective date of this Consent Order, RMP shall pay the investigation costs of the DEPARTMENT in the amount of One Thousand Dollars (\$1,000.00).

4. The total amount of the fine and investigation costs, Eight Thousand Five Hundred Dollars (\$8,500.00) shall be paid by one check payable to the Department within ten days after the effective date of this Consent Order.

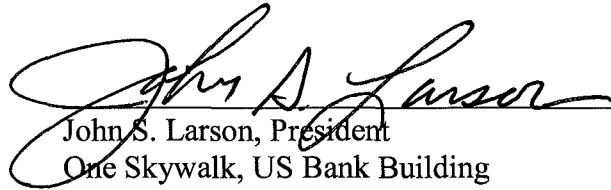
4. RMP's application for registration as a broker-dealer shall be approved within five business days after the Department's receipt of such fine. Such registration shall expire on December 31, 2015, pursuant to Neb. Rev. Stat. § 8-1103 (Reissue 2012), unless renewed.

5. In the event RMP fails to comply with any of the provisions of this Consent Order, the Department may commence such action regarding RMP as it deems necessary and appropriate in the public interest.

6. The effective date of this Consent Order shall be the date of the Director's signature.

DATED this 18 day of June, 2015.

RICHARDS, MERRILL & PETERSON INC.

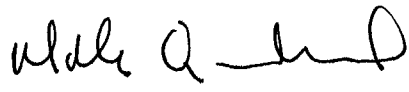


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DATED this 19 day of June, 2015.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**



By: 

Mark Quandahl, Director

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