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ARKANSAS SECURITIES DEP

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
Case No. S-09-017
Order No. S-09-017-12-OR02

IN THE MATTER OF:

CHRISTOPHER COLLIER **RESPONDENT**

ORDER

On December 29, 2011, the Staff of the Arkansas Securities Department ("Staff"), filed a complaint alleging that Christopher Jerome Collier ("Collier"), CRD # 1159027, had violated the Arkansas Securities Act, Ark. Code Ann. §§ 23-42-101 through 23-42-509, ("Act") and the Rules of the Arkansas Securities Commissioner ("Rules"). Collier was properly served with a copy of the complaint on January 12, 2012.

On April 3, 2012, a hearing was held and evidence was presented by the Staff to support the allegations of the complaint. Collier had notified the Arkansas Securities Commissioner ("Commissioner") by letter dated March 29, 2012, that he would not attend the hearing. Based on the evidence presented by the Staff the Arkansas Securities Commissioner ("Commissioner") finds that:

FINDINGS OF FACT

1. Collier was a registered broker-dealer agent and investment adviser representative with Stanford Group Company ("Stanford"), CRD # 39285, from November 1, 2006, until March 12, 2009.

2. While registered with Stanford, Collier offered and sold securities issued by Stanford International Bank LTD, U.S. Accredited Investor Certificates of Deposit ("Stanford CDs"), to his clients.

3. A disclosure statement provided to the Staff by agents of Stanford stated that the Stanford CDs were not being offered to the general public, but were available only to accredited investors. It further stated that accredited investor means those that qualify pursuant to the definition found in Rule 501(a) of Regulation D under the Securities Act of 1933, 17 C.F.R. § 230.501. Rule 501(a) defines "accredited investor" as "[a]ny natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000"; and "[a]ny natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year."

4. In addition to limiting sales of the Stanford CDs to accredited investors, the disclosure statement stated that "participation in the certificate of deposit program involves substantial risk to potential depositors" and "the CD Deposits and CD Certificates are not insured by the Federal Deposit Insurance Corporation ("FDIC") or any other agency of the United States Government or any state jurisdiction, or by any insurance program of the government of Antigua and Barbuda."

5. On or about December 27, 2007, Collier offered and sold a Stanford CD in the amount of $250,000 to one of his long term clients. On or about December 28, 2007, Collier offered and sold a second Stanford CD in the amount of $50,000 to the client. The client was older than sixty-five years of age, retired, and widowed. At the time of the sales, the client had a total investment portfolio valued at less than $700,000 and an annual income of approximately $60,000. Despite the fact that the client was not an accredited investor and did not meet the net

worth or annual income requirements to purchase the Stanford CDs, Collier sold the client Stanford CDs in the amount of $300,000.

6. Collier's client has not received any money back from the $300,000 invested in the Stanford CDs with Collier.

7. After his employment with Stanford, Collier was registered in Arkansas as a broker-dealer agent with Sterne, Agee & Leach, Inc., and as an investment adviser representative with Sterne Agee Investment Advisors, Inc., from March 2009 until August 2011. Collier has not applied for registration as an agent or representative since he voluntarily terminated his registrations in August 2011.

CONCLUSIONS OF LAW

8. Section 23-42-308(a)(2)(B) of the Act provides in part that the Commissioner may by order suspend, make conditional or probationary, or revoke any registration if it is found that the registrant has willfully violated or failed to comply with any provision of the Act or any Rule.

9. Section 23-42-308(a)(2)(G) of the Act provides in part that the Commissioner may by order suspend, make conditional or probationary, or revoke any registration if it is found that the registrant has engaged in dishonest or unethical practices in the securities business.

10. Rule 308.01 sets out specific dishonest and unethical conduct that shall be considered as grounds for denial, suspension, or revocation of an agent registration. Rule 308.01(D) requires that a registered agent, before recommending the purchase, sale, or exchange of any security, have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings, financial situation, and needs.

11. Rule 308.02 sets out specific fraudulent and deceptive practices that shall be considered grounds for denial, suspension, or revocation of an investment adviser representative registration. Rule 308.02(A) requires that a registered investment adviser representative, before recommending the purchase, sale, or exchange of any security, have reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client after reasonable inquiry concerning the client's investment objectives, financial situation, and needs.

12. Section 23-42-308(e)(3) of the Act provides in part that the Commissioner may institute a revocation or suspension proceeding under Section 23-42-308(a)(2)(B) within one year after a withdrawal became effective.

13. Section 23-42-308(g) of the Act provides in part that in addition to the authority to deny, suspend, or revoke a registration, upon notice and opportunity for hearing, the Commissioner may for each violation of the Act fine an agent or representative up to five thousand dollars.

14. The two sales transactions of the Stanford CD securities by Collier to his client were willfully recommended and effected by Collier without reasonable grounds to believe that the recommendations were suitable in violation of Rule 308.01(D) and Rule 308.02(A). These willful actions by Collier to not only recommend and sell unsuitable products, but in an amount that resulted in an over-concentration of almost fifty percent of unsuitable products in the client's investment portfolio were unethical sales practices committed in violation of Sections 23-42-308(a)(2)(B) and (G) of the Act.

ORDER

It is ordered that the registrations of Collier as a broker-dealer agent and investment adviser representative are hereby revoked.

It is further ordered that Collier pay a fine in the amount of $10,000 to the Arkansas Securities Department.

IT IS SO ORDERED on this 10th day of July, 2012.

A. Heath Abshure
A. HEATH ABSHURE
Arkansas Securities Commissioner

Order prepared by:

David H. Smith
Chief Counsel
Arkansas Securities Department