

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: STIFEL, NICOLAUS & COMPANY, )  
INCORPORATED, ) File No. 0700156  
ITS EMPLOYEES, AFFILIATES, )  
SUCCESSORS, AGENTS AND ASSIGNS )  
)

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CONSENT ORDER

TO THE RESPONDENT: Stifel, Nicolaus & Company, Incorporated  
C/O Lisa Nielsen, Esq.  
Greensfelder, Hemker and Gale  
10 South Broadway, Ste 2000  
St. Louis, MO 63102

WHEREAS, Respondent Stifel, Nicolaus & Company, Incorporated (the "Respondent") on May 19, 2011, executed a certain Stipulation To Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing and Amended Notice of Hearing in this matter and the Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondent has acknowledged while neither admitting or denying the truth thereof, that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. That the Respondent Stifel, Nicolaus & Company, Incorporated ("Stifel Nicolaus") is a registered broker/dealer with a last known main address of 501 N. Broadway, St. Louis, Missouri 63102;
2. At all times relevant, Neil Rolla Harrison ("Harrison"), an Illinois resident, was registered as an Illinois salesperson through Stifel Nicolaus pursuant to Section 8 of the Illinois Securities Law 815 ILCS 5/1 et seq. (the "Act");

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3. That from on or about November, 2006, and continuing until approximately April, 2008, Harrison solicited a loan from CD and fraudulently obtained funds from ED, RB, RM and RH;
4. That on or about October 23, 2008, Harrison was terminated from Stifel Nicolaus for soliciting and obtaining loans from clients;
5. That on June 4, 2009, the Illinois Securities Department issued an Order of Prohibition and Revocation ("Order") against Harrison which is incorporated by reference herein;
6. That said Order found that Harrison violated sections 12.A, 12.D and 12.G of the Act in that Harrison fraudulently obtained client funds by directing multiple clients to write personal checks made out to Harrison, representing to said clients that the funds were to be used for investments and/or personal loans, but in fact Harrison deposited said checks into his personal bank account and used said funds for personal benefit, use and expenses;
7. That on or about June 17, 2009, Harrison entered into a guilty plea in Federal Court for mail fraud and fraudulent investment scheme, in that Harrison, in connection with this scheme, defrauded ED, RB, RM and RH of a total of \$62,724 between May, 2007 and approximately April, 2008;
8. That the aforesaid fraudulent activities and unethical conduct of Harrison took place while Harrison was employed by and registered as an Illinois salesperson through Stifel Nicolaus and that such activities/conduct violated the policy and procedures of Stifel Nicolaus;
9. That Section 8.E.1(e) of the Act states, inter alia, that subject to the provisions of subsection F of Section 11 of the Act, the registration of a dealer may be suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of any of its salespersons and the failure has permitted or facilitated a violation of Section 12 of this Act and failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulation;

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10. That, in light of Neil Rolla Harrison's previous attempt to obtain loans from customers while at A. G. Edwards, Respondent Stifel Nicolaus did not adequately disclose its policy to certain clients of Mr. Harrison that checks should not be made out to their broker, that cash should not be given to their broker, and that no transactions outside of Stifel should be engaged in with their broker, and that said failure contributed in the aforesaid fraudulent and unethical activities by Harrison and facilitated violations of Section 12 of the Act;
11. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
12. That by virtue of the foregoing, the Respondent is subject to the entry of an Order which revokes its dealer's registration in the State of Illinois pursuant to the authority provided under Section 8.E.(1)(e) of the Act as well as a fine in the amount of \$10,000.00 per violation.

WHEREAS, the Respondents have acknowledged and agree to comply with the terms and requirements contained in paragraph eight (8) of the Stipulation as follows:

1. The Respondent shall, within 30 days of the entry of the aforesaid Consent Order, pay reimbursement to the following individuals: ED in the amount of \$9,724; RB in the amount of \$3,540; RM in the amount of \$44,800; RH in the amount of \$4,660; and CD in the amount of \$17,500; that the Respondent will make these payments to the aforesaid individuals in the form of a check, that Respondent will provide the Department said checks within the aforesaid time period and will also provide the Department a copy of each of the cashed checks endorsed by the recipient;
2. That the Respondents shall, within a reasonable time not to exceed 60 days from the entry of the aforesaid Consent Order, include language in all letters of confirmation relating to wire transfers from their client's Stifel Nicolaus accounts that discloses to its clients that it is against the policy of Stifel Nicolaus for any client to

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write checks made payable to their broker, give cash to their broker, or to ever engage in any separate transaction with their broker, and that such language should appear on said letter of confirmation in an obvious and clear manner;

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The Respondent shall, within 30 days of the entry of the aforesaid Consent Order, pay reimbursement to the following individuals: ED in the amount of \$9,724; RB in the amount of \$3,540; RM in the amount of \$44,800; RH in the amount of \$4,660; and CD in the amount of \$17,500; that the Respondent will make these payments to the aforesaid individuals in the form of a check, that Respondent will provide the Department said checks within the aforesaid time period and will also provide the Department a copy of each of the cashed checks endorsed by the recipient;
2. That the Respondents shall, within a reasonable time not to exceed 60 days from the entry of the aforesaid Consent Order, include language in all letters of confirmation relating to wire transfers from their client's Stifel Nicolaus accounts that discloses to its clients that it is against the policy of Stifel Nicolaus for any client to write checks made payable to their broker, give cash to their broker, or to ever engage in any separate transaction with their broker, and that such language should appear on said letter of confirmation in an obvious and clear manner;
3. That the formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This 21<sup>st</sup> day of May, 2011.





JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12(D) of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State,

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having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

Attorney for the Secretary of State

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Hearing Officer:  
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