



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
DALE RAYMOND ISAAK, CRD 2973687,)	
)	Case No. AP-13-15
Respondent.)	
)	
Serve: Dale Raymond Isaak)	
c/o Jeff Ziesman)	
One Kansas City Place)	
1200 Main Street, Suite 3500)	
Kansas City, MO 64105-2100)	

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Assistant Commissioner Mary S. Hosmer, has alleged that Dale Raymond Isaak (“Isaak” or “Respondent”), engaged in dishonest or unethical practices by communicating with clients through an email account that was not approved by Isaak’s employing firm, failing to report customer complaints to Isaak’s employing firm, and failing to obtain the necessary approval before using an investment analysis tool to manage client accounts in violation of Missouri law, and that this constitutes grounds to revoke, suspend, condition, limit or impose a civil penalty on Respondent in Missouri pursuant to Section 409.4-412, RSMo. (Cum. Supp. 2011).
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondent’s alleged violations of Section 409.4-412, RSMo. (Cum. Supp. 2011).

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*

4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2011), 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. Respondent waives Respondent’s right to a hearing with respect to this matter.
6. Respondent waives any right that Respondent may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds 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. Respondent stipulates and agrees with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section 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. Respondent agrees 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 Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to 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

12. Isaak was a Missouri-registered broker-dealer agent with Securities Service Network, Inc. ("SSN"), from January 19, 2005, to March 28, 2013. Isaak was registered in Missouri through the Central Registration Depository System ("CRD") with number 2973687. Isaak's current mailing address is 1101 Webster Crossing Court, Webster Groves, Missouri 63119.
13. Isaak was a Missouri-registered investment adviser representative with SSN Advisory, Inc. ("SSN Advisory"), from January 19, 2005, to March 28, 2013.
14. A check of the CRD records indicates Isaak has not been registered as a broker-dealer agent or as an investment adviser representative in Missouri since March 28, 2013.
15. SSN is a Missouri-registered broker-dealer with a home office of 9729 Cogdill Road, Suite 301, Knoxville, Tennessee 37932. SSN is registered in Missouri through the CRD with number 13318.
16. SSN Advisory is a Missouri-registered investment adviser with a home office of 9729 Cogdill Road, Suite 301, Knoxville, Tennessee 37932. SSN Advisory is registered in Missouri through the CRD with number 126090 (SSN and SSN Advisory will collectively be referred to as "SSN Services").
17. SSN Services had policies and procedures regarding using only approved e-mail accounts. From on or around July 25, 2006, to at least March 15, 2012, Isaak sent e-mails to clients from an account at sbcglobal that was not approved by SSN Services ("Unapproved E-mail Account").
18. On June 14, 2012, Isaak sent an e-mail to SSN Services compliance from the Unapproved E-mail Account.
19. SSN Services had policies and procedures regarding reporting customer complaints to SSN Services compliance. From January 3, 2012, through January 23, 2012, Isaak received at least two (2) communications from a Missouri client on the Unapproved E-mail Account that were customer complaints. Isaak did not report these two complaints to SSN Services Compliance.
20. SSN had policies and procedures in place in January 2010 regarding the need for pre-approval before using any investment analysis tool and any reports generated by the investment analysis tool. Isaak was not aware of SSN's policies and procedures at that time.
21. William Edwin Sherman ("Sherman") is a Missouri-registered broker-dealer agent with

Capital Management Services, Inc. Sherman is registered in Missouri through the CRD with number 238119. Sherman's current mailing address is 11981 Meadow Run Court, Maryland Heights, Missouri 63043.

22. In January 2010, Sherman offered a newsletter and daily report (the "Sherman Sheet"), which included a daily timing investment strategy.
23. In or about January 2010, Isaak started subscribing to the Sherman sheet and, thereafter, used the Sherman investment strategy for Isaak's personal investments.
24. Sometime in January 2010, Isaak contacted a representative in SSN's compliance department about using the Sherman sheet in conjunction with making investment recommendations in client accounts. Isaak was advised by the SSN representative that there was nothing that precluded Isaak from using outside advice, such as the Sherman sheet, in making recommendations to clients.
25. In January 2010, Isaak started using the Sherman daily timing investment strategy to purchase and sell Exchange Traded Funds ("ETFs") in the managed accounts of some of Isaak's clients at SSN Services.
26. Between March 2011 and December 2011, Isaak used the Sherman daily timing investment strategy to purchase and sell Inverse ETFs, in these client accounts.

II. CONCLUSIONS OF LAW

27. The Commissioner finds Respondent engaged in dishonest or unethical practices by communicating with clients through an email account that was not approved by Isaak's employing firm, failing to report customer complaints to Isaak's employing firm, and failing to obtain the necessary approval before using an investment analysis tool to manage client accounts in violation of Missouri law, and that this constitutes grounds to revoke, suspend, condition, limit or impose a civil penalty on Respondent in Missouri pursuant to Section 409.4-412, RSMo. (Cum. Supp. 2011).
28. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent 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, RSMo. (Cum. Supp. 2011).

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

29. Respondent is hereby PROHIBITED from applying as a broker-dealer agent or an investment adviser representative in Missouri for one (1) year from the date of this Order.

30. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of eighteen thousand dollars (\$18,000). These payments shall be sent within ten (10) days of the effective date of this Consent Order to the 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.
31. Respondent is ordered to pay two thousand dollars (\$2,000) as the cost of this investigation. This amount shall be sent within ten (10) days of the effective date of this Consent Order to the 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.
32. Respondent shall pay his 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 21st DAY OF August, 2013.



JASON KANDER
SECRETARY OF STATE

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

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:
THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

A handwritten signature in blue ink that reads "Mary S. Hosmer".

Mary S. Hosmer
Assistant Commissioner of Securities

Dale R. Isaak

Dale Isaak, Respondent

Approved as to Form:

J. Ziesman

Jeff Ziesman
Attorney for Respondent