



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
)	
CINCINNATI ANALYSTS, INC)	Case No. AP-14-12
CRD No. 5478,)	
)	
<i>Respondent.</i>)	
)	
Serve: Cincinnati Analysts, Inc.)	
303 Broadway, Suite 1500)	
Cincinnati, Ohio 45202)	

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 Cincinnati Analysts, Inc., formerly Capital Analysts Incorporated (“Cincinnati Analysts” or “Respondent”), failed to detect activities by Joshua D. Gould (“Gould”), a Missouri-registered agent who engaged in dishonest and unethical practices in violation of Missouri law, and that this constitutes grounds to take action against Cincinnati Analyst pursuant to Section 409.4-412(d)(9), and/or Section 409.6-604, RSMo. (Cum. Supp. 2012).
2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to Respondent’s alleged failure to reasonably detect certain activities of one of Respondent’s agents.

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. 2012), 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 in a material way, 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 position 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. Respondent was a Missouri-registered broker-dealer from January 1968 through June 2012, most recently based in Cincinnati, Ohio with a main office address of 303 Broadway, Suite 1500, Cincinnati, Ohio 45202. In addition, Respondent was a federally-covered investment adviser in Missouri until 2012. Cincinnati Analysts was registered in Missouri through the Central Registration Depository ("CRD") with CRD number 5478. On June 1, 2012, Capital Analysts filed an amendment with the CRD to change its name to Cincinnati Analysts, Inc.
13. On July 31, 2012, Cincinnati Analysts, Inc. terminated its broker-dealer registration in Missouri. On that same date, Cincinnati Analysts, Inc. terminated its investment adviser registration with the Securities and Exchange Commission.
14. Gould was a Missouri-registered broker-dealer agent with Respondent and was located at the branch office address of 8630 Delmar, Suite 100, St. Louis, Missouri 63124, from January 23, 2004 through October 8, 2008. A check of the CRD indicates that Gould, CRD number 4617397, terminated his association with Respondent voluntarily and has not been registered as an agent in Missouri since November 2, 2010. Gould has a last known residential address of 8142 Amherst Avenue, St. Louis, Missouri 63130.
15. From June 2007 through October 2008, while Gould was associated with Respondent, Gould offered and sold investments in a fraudulent investment scheme and/or misappropriated funds from at least eight (8) investors. Six (6) of these investors were clients of Respondent.
16. Gould deposited the funds he received from investors into personal bank accounts that he owned, controlled or in which Gould had a beneficial interest. Gould used investor funds from these personal bank accounts to pay for his personal expenses. The securities Gould sold in the fraudulent investment scheme were not recorded on the books and records of, or otherwise disclosed to, Respondent.
17. On April 15, 2011, the Commissioner of Securities issued a Consent Order barring Gould from registering as an agent or investment adviser representative in Missouri. Consent Order, *In re Joshua D. Gould*, Consent Order, No. AP-11-17 (Mo.Div.Sec. April 15, 2011).
18. In May 2011, based on information uncovered during the course of the investigation of Gould, the Enforcement Section opened an investigation regarding Respondent.
19. On July 22, 2011, Gould pled guilty to one (1) count of felony wire fraud and, among other things, was sentenced to ninety-seven (97) months in prison. Gould is currently serving his sentence in a federal penitentiary.

20. Investigators with the Enforcement Section interviewed Gould investors and gathered documents and information from those investors and from Respondent.
21. A review of the interviews and documents provided to the Enforcement Section revealed that while affiliated with Respondent, Gould engaged in fraudulent activity over a span of sixteen (16) months in six (6) accounts for clients ranging in age from forty-two (42) to seventy-six (76). More specifically, Gould:
 - a. forged at least one (1) withdrawal form for a wire transfer from a client account to a third-party checking account owned and controlled by individuals to whom Gould owed money;
 - b. directed at least two (2) clients to write personal checks directly to a third-party checking account owned and controlled by Gould;
 - c. processed at least two (2) unauthorized wire transfer withdrawals from a client's account to another third-party checking account owned and/or controlled by Gould;
 - d. provided fraudulent quarterly statements to at least one (1) client; and
 - e. opened at least one (1) brokerage account in the name of a limited liability company owned and controlled by Gould.
22. While Gould was associated with Respondent, Respondent failed to:
 - a. detect and identify the above-referenced unauthorized account activity directed by Gould;
 - b. detect and identify documents forged by Gould;
 - c. detect private securities transactions that resulted in investor funds being deposited in a third-party checking account;
 - d. detect and identify wire transfers from an client's brokerage account to a third-party checking account owned and/or controlled by Gould;
 - e. detect unauthorized correspondence between Gould and clients; and
 - f. detect and identify a third-party brokerage account for a limited liability company owned and/or controlled by Gould.

23. During the course of the Enforcement Section's investigations, Respondent reached settlement agreements with eight investors harmed by Gould's dishonest and unethical activities in the securities business.

II. CONCLUSIONS OF LAW

24. The Commissioner finds that Respondent's failures set forth in Item 22 above constitutes grounds to take action against Respondent under Section 409.4-412, and/or Section 409.6-604, RSMo. (Cum. Supp. 2012).
25. 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. 2012).

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Respondent, their agents, employees and servants, and all other persons participating in the above-described failures to detect with knowledge of this order are permanently enjoined and restrained from engaging in dishonest or unethical practices in the securities business; and failing to reasonably supervise a Missouri-registered agent who has engaged in dishonest or unethical practices in violation of Sections 409.4-412(d)(9) and (d)(13), RSMo. (Cum. Supp. 2012).
2. Respondent represents that Respondent has settled with eight (8) investors harmed by Gould's misconduct. Respondent has paid restitution to these investors in excess of six hundred thirty thousand dollars (\$630,000).
3. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of one hundred thousand dollars (\$100,000). 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.
4. Respondent is ordered to pay ten thousand dollars (\$10,000) 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.

5. Respondents shall pay their 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 29th DAY OF July, 2014.

JASON KANDER
SECRETARY OF STATE



Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION

Mary S. Hosmer
Mary S. Hosmer
Assistant Commissioner of Securities

CINCINNATI ANALYSTS, INC.

MJM

BY: Kenneth A Madsen

NAME: Kenneth A Madsen

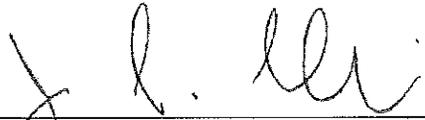
TITLE: Vice President

BY: Mark Mahoney

NAME: MARK J. MAHONEY

TITLE: SECRETARY

Approved as to Form:



James S. Rollins
Nelson Mullins Riley and Scarborough LLP
Attorney for Respondent