

State of Missouri  
Office of Secretary of State

Case No. AP-11-32

IN THE MATTER OF:

HUGH VINCENT MURRAY, III,  
CRD No. 826261

Respondent.

**CONSENT ORDER**

**SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS**

1. The Enforcement Section of the Missouri Securities Division ("Enforcement Section") alleges that Respondent Hugh Vincent Murray, III ("Murray") the majority owner, president, and chief supervisory officer of Forsyth Securities, Inc. ("Forsyth"), failed to reasonably supervise Missouri-registered agents who engaged in dishonest and unethical practices in violation of Missouri law, and that this constitutes grounds to censure, impose a bar, or impose a civil penalty on Murray in Missouri pursuant to Sections 409.4-412(c) and (d)(9), RSMo. (Cum. Supp. 2009).
2. Murray and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the alleged violations by Murray.

**CONSENT TO JURISDICTION**

3. Murray and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over Murray and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, et seq.
4. Murray 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. 2009), 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. Murray waives his right to a hearing with respect to this matter.
6. Murray waives any right that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Murray specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

7. Murray 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. Murray 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. Murray 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 Murray'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 of Securities is not a party; or (c) right to make public statements that are factual.
10. Murray agrees that Murray is not the prevailing party in this action because the parties have reached a good faith settlement.
11. Murray 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. Forsyth is a Missouri-registered broker-dealer with its principal office located at 243 North Lindbergh Boulevard, St. Louis, Missouri 63141. Forsyth is registered in Missouri through the Central Registration Depository ("CRD") system and has CRD number 16323.
13. Murray is a Missouri-registered agent of Forsyth and has a CRD number of 826261. Murray is the majority owner, president, and chief supervisory officer of Forsyth.
14. Murray and Forsyth employed certain Missouri-registered agents who the Enforcement Section has alleged engaged in dishonest or unethical practices in the securities business. These activities included, among other things, the following:
  - a. an agent ("FA1") while on heightened supervision at Forsyth effected a number of stock transactions in an account of elderly investor. At least some of these were discretionary trades on margin and resulted in losses in the account;
  - b. in addition, FA1 failed to timely disclose tax liens on FA1's Uniform Application for Securities Industry Registration or Transfer Form ("Form U4");
  - c. a second Forsyth agent ("FA2") failed to timely disclose a felony charge and a felony plea on FA2's Form U4;

- d. FA2 failed to timely disclose a consent order from the Missouri Department of Insurance, Financial Institutions and Professional Registration ("DIFP") on FA2's Form U4; and
  - e. a third Forsyth agent ("FA3") failed to timely disclose a felony charge on FA3's Form U4.
15. Murray admitted to representatives of the Enforcement Section that Murray:
- a. failed to timely amend Form U4s disclosing felony criminal charges for FA2 and FA3 and a felony plea for FA2;
  - b. placed FA3 in a supervisory position at Forsyth when the agent did not have the required exams to serve as a supervisor;
  - c. hired an agent ("FA4") without reviewing the FA4's Uniform Termination Notice for Securities Industry Registration ("Form U5") disclosing that FA4 was discharged from the his prior broker-dealer; and
  - d. failed to review compliance and exception reports.
16. Murray failed to reasonably supervise these agents by, among other things, failing to have reasonable policies and procedures and a system for implementing these policies and procedures to:
- a. review agents' activities to ensure the timely filing of amendments to Form U4s;
  - b. make suitability determinations;
  - c. review a prospective agent's Form U5 prior to hiring an agent; and
  - d. review the compliance and exception reports received from Forsyth's clearing firm and failed to follow Forsyth's written policies and procedures.

## **II. CONCLUSIONS OF LAW**

17. The Commissioner, after consideration of the stipulations set forth above and on the consent of Murray and the Enforcement Section, finds and concludes that: (a) the Commissioner has jurisdiction over Murray and this matter; (b) Murray failed to reasonably supervise Missouri-registered agents who engaged in dishonest and unethical practices, and that this constitutes grounds to censure, impose a bar, or impose a civil penalty on Murray in Missouri pursuant to Sections 409.4-412(c) and (d)(9), RSMo. (Cum. Supp. 2009); and (c) 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. 2009).

## **III. ORDER**

**NOW, THEREFORE**, it is hereby Ordered that:

1. Respondent Murray is **PERMANENTLY BARRED** from registering as an agent or

investment adviser representative in Missouri;

2. Respondent Murray 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 22<sup>ND</sup> DAY OF DECEMBER, 2011.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

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

Mary S. Hosmer  
Assistant Commissioner of Securities

Respondent Hugh Vincent Murray, III  
CRD No. 826261