



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MOODY REID FINANCIAL)
ADVISORS, L.P., CRD# 119205; and) Case No.: AP-21-14
DOUGLAS W. COE, CRD# 2208877,)
)
Respondents.)

CONSENT ORDER

SUMMARY OF SECURITIES DIVISION’S ALLEGATIONS & SETTLEMENT OF SAME

1. The Enforcement Section of the Securities Division of the Missouri Secretary of State’s office (the “**Enforcement Section**”) alleges that during a routine examination of Moody Reid Financial Advisors, L.P. (the “**Firm**”) in 2020 conducted by the Missouri Securities Division, Examinations Section (the “**Examinations Section**”), it was revealed that the Firm and the Firm’s sole investment adviser representative (“**IAR**”), Douglas W. Coe (“**Coe**”), evidenced Missouri Securities Act violations. The Enforcement Section’s subsequent investigation concluded that the Respondents failed to file correcting amendments in violation of Section 409.4-411(b) of the Missouri Securities Act (the “**Act**”).¹
2. Respondents 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 409.4-411(b).

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409 *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

¹ Unless otherwise noted, all statutory references are to the 2020 Supp. Revised Statutes of Missouri.

“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. Respondents waive Respondents’ rights to a hearing with respect to this matter.
6. Respondents waive any rights that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold 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. Respondents stipulate and agree 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. Respondents 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. Respondents agree 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 Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent solely for the purpose of this matter only and not for any other matter, 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

A. Respondents

12. The Firm is a Missouri limited partnership, formed June 22, 2007, under charter number LP0825185, and a registered investment adviser (“**RIA**”) in Missouri, Kansas and Georgia. The Firm’s address is 420 Nichols Road, Suite 200, Kansas City, Missouri 64112.
13. Central Registration Depository System (“**CRD**”) records indicate that the Firm is assigned CRD number 119205. The Firm has been registered as an investment adviser (“**IA**”) firm with the State of Missouri since November 20, 1996.
14. Coe is a fifty-two-year-old Lee’s Summit, Missouri resident. Coe is the sole principal of Moody Reid and the Firm’s sole registered IAR.
15. Coe is assigned CRD number 2208877.

B. The Examination

16. Beginning in March, 2020, the Examinations Section conducted a routine desk examination of the Firm.²
17. On June 30, 2021, a letter from the Examinations Section to the Firm notified the Firm about deficiencies detected during the 2020 examination including, but not limited to, a failure to amend forms on file with the Missouri Securities Division.

1. Limited Partner Update

18. On September 2, 2021, the Enforcement Section reviewed the Firm’s status as a limited partnership (“**LP**”). Review of documents related to the LP revealed that Coe was listed as general partner and an entity known as Moody Reid, Inc. to be a limited partner (the “**LP Partner**”).
19. According to documents filed with the Missouri Secretary of State Business Services Division (“**Business Services**”), LP Partner was formed on June 2, 1995, but was administratively dissolved on March 4, 2014.
20. According to the final biennial report filed with Business Services prior to the dissolution, Coe was the sole officer registered with LP Partner.
21. The Firm’s most recent ADV disclosure contains no mention of the administrative dissolution of LP Partner.

2. SEC Citation

22. On January 12, 2018, the SEC cited the Firm for the following violations:

² The Examinations Section originally scheduled an on-site examination, but due to the global pandemic due to COVID-19, the examination had to be conducted remotely as a so-called “desk exam.”

- a. the Firm failed to timely amend the form MA and Form MA-I³ to reflect the 2015 Consent Order entered into by Respondents; and
- b. the Firm violated SEC rules by failing to follow the Firm's supervisory and compliance obligations to timely update records with the SEC.

3. Brochure Updates

23. The Firm's Brochure Filing History on CRD revealed that only four brochures, including a number of revisions, were filed. The dates when the brochures, with the most recent version, were uploaded to CRD with the correlating date on the brochure itself are as follows:
- a. on July 29, 2015, the Firm uploaded a brochure with an October 30, 2013, date;
 - b. on October 30, 2015, the Firm uploaded a brochure with a November 4, 2015, date; and
 - c. on August 7, 2021, the Firm uploaded two brochures, one with a July 12, 2021, date and the other with a July 31, 2021 date.

4. Website and Radio Advertising

24. During the March 24, 2020, phone interview portion of the Firm's 2020 desk examination, the Examinations Section asked Coe about the Firm's methods of advertising. Coe responded that the Firm uses business cards, letterhead, stationary, seminars and internet-social networking sites.
25. On June 14, 2021, the Examinations Section obtained a copy of the Firm's website.
26. A review of the Form ADV on CRD shows that the Firm's website was never disclosed as a source of advertising by the Firm.
27. Respondents advertised on the radio through a company called Carter Broadcast Group, Inc..
28. Coe never amended the Firm's ADV's by listing advertising by radio or Internet.

II. CONCLUSIONS OF LAW

29. The Commissioner finds that Respondents, in four instances, failed to file correcting amendments in violation of Section 409.4-411(b) and that this conduct constitutes grounds

³ Respondents are registered to work with municipalities and are required to execute MA series forms with the SEC. SEC requires a partnership to use Form MA to register and to amend a previously submitted Form MA. A natural person doing business in his or her own name as a sole proprietor must use both Form MA and Form MA-I to register with and to amend a previously submitted Form MA and Form MA-I.

to issue an order pursuant to Section 409.6-604.

30. The Commissioner, after consideration of the stipulations set forth above and on the consent of the Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents 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.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

31. Respondents, its agents, employees and servants, and all other persons participating in or about to participate in the above-described violation with knowledge of this order are permanently enjoined and restrained from engaging in violations of Section 409.4-411(b).
32. Respondents shall pay civil penalties in the amount of \$100,000 for four violations of Section 409.4-411(b). This amount shall be made payable to the State of Missouri. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101. ***All obligations to pay this amount shall be and hereby are suspended, and shall be fully and finally waived when the other amounts described herein are paid in full, when Respondents provide proof they have resolved the deficiencies identified by the Examinations Section within and not to exceed 180 days from the execution of this document, and when Respondents successfully complete a period of 36 months with no additional securities violations.***
33. Respondents agree that should they fail to perform any of the obligations created by this consent order or if there are any additional violations of the Act within 36 months after this consent order is executed, that the Commissioner will bar Respondents from registration within the State of Missouri.
34. At the time this Consent Order is executed, Respondents shall pay \$40,000 to the Missouri Secretary of State Investor Education and Protection Fund. This payment shall be sent 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 Securities Division will forward the funds to the Missouri Secretary of State's Investor Education and Protection Fund.
35. Upon Respondent's failure to comply with the terms of this Consent Order, all remaining payments shall immediately become due and payable upon operation of law, a bar against Respondents registration in Missouri shall immediately be imposed, and such immediately due payments and bar shall be in addition to any and all other penalties available under the law at that time.
36. 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 16th DAY OF NOVEMBER, 2021.



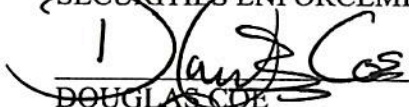
JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

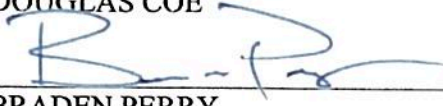
Consented to by:

MISSOURI SECURITIES DIVISION


STEVEN M. KRETZER
SECURITIES ENFORCEMENT COUNSEL


DOUGLAS COE
AUTHORIZED SIGNATORY MOODY REID


DOUGLAS COE


BRADEN PERRY
RESPONDENTS' ATTORNEY