

STATE OF ALASKA  
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
DIVISION OF BANKING, SECURITIES, AND CORPORATIONS  
P.O. BOX 110807  
JUNEAU, ALASKA 99811-0807

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DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, AND CORPORATIONS

In the Matter of: )  
Edward D. Jones and Co., LP, )  
and )  
Peter Van Flein, )  
Respondents. )

AK Order # 03-04

CONSENT ORDER

**Factual Allegations**

1. The Division of Banking, Securities, and Corporations ("the division") is charged with oversight and enforcement of the Alaska Securities Act ("the Act") at AS 45.55 and regulations under the Act at 3 AAC 08.

2. Respondent Edward D. Jones and Co., LP, ("EdwardJones") is an Alaska registered broker dealer whose home office is located at 12555 Manchester Road, St. Louis, Missouri 63131-3729. The home office is the office of supervisory jurisdiction ("OSJ") for EdwardJones' branches in Alaska.

3. EdwardJones is a member of the New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD).

4. Respondent Peter Van Flein (Van Flein) is an Alaska registered securities agent who operates a single-person branch office of EdwardJones at 4001 Geist Road #13, Fairbanks, Alaska 99709.

1 5. On May 24, 2000, Ms. Candace Carroll of the Community Advocacy Project of  
2 Alaska, Inc., delivered a complaint letter ("the Carroll letter") addressed to EdwardJones, to the  
3 attention of Van Flein, at Van Flein's office in Fairbanks, Alaska.

4 6. Respondents failed to treat the Carroll letter as a complaint. Accordingly, it was not  
5 placed in the complaint file nor was any separate record of it maintained in either the Fairbanks,  
6 Alaska, branch office or the St. Louis, Missouri, OSJ.

7 7. On September 24, 2002, the division issued Alaska Order No. 03-04 S,

8 a. finding multiple violations of the Act; including

9 i. failure to properly classify and maintain a record of the Carroll letter  
10 as a complaint;

11 ii. failure of EdwardJones to properly supervise complaint classification  
and reporting;

12 iii. failure to properly update Van Flein's agent registration on the NASD-  
13 Central Registration Depository ("CRD")

14 b. directing respondents to cease and desist from failing to report customer  
complaints and otherwise violating the Act; and

15 c. providing notice of fines to be assessed against respondents.

16 8. Due to the misclassification of the Carroll letter by EdwardJones personnel at the  
17 OSJ, the division was concerned about the existence of other complaints that may have been  
18 misclassified by EdwardJones supervisory personnel.

19 9. Respondents submitted a Request for Hearing dated October 11, 2002 in response to  
20 Order No. 03-04 S and the parties have engaged in pre-hearing proceedings in this matter.

### 21 Findings of Fact and Conclusions of Law

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1 10. At the time of receipt, respondents failed to properly classify the Carroll letter as a  
2 complaint in violation of NASD Rule 3110.

3 11. Respondents failed to keep and preserve a copy of the Carroll letter in the complaint  
4 file of the branch office in accordance with EdwardJones' Rule 7.2. under which compliance  
5 evidence must be maintained under NASD Rule 3010(d) and in the OSJ as required by NASD  
6 Rule 3110(d).

7 12. Respondents have failed to properly update registration information maintained on  
8 the NASD-CRD, as required by AS 45.55.050(c).

9 **Consent**

10 13. This Consent Order is entered into between the division and respondents to resolve all  
11 issues raised by Alaska Order No. 03-04 S.

12 14. Respondents acknowledge that they misclassified the Carroll letter by not treating it  
13 as a complaint.

14 15. Respondents agree to classify the Carroll letter as a complaint pursuant to NASD  
15 Rule 3110(d) and will place and maintain a copy of the letter in their respective (branch and OSJ)  
16 customer complaint files.

17 16. EdwardJones agrees to take corrective action at its OSJ and at the Alaska branch  
18 offices to ensure that complaints will be properly classified in the future.

19 17. Respondents recognize the importance of properly classifying complaint letters and  
20 complying with all applicable record keeping requirements for customer complaints.

21 18. Respondents will cease and desist from future violations of the Act, specifically  
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1 agreeing, without limitation, to comply with all requirements relating to the classification, record  
2 keeping and reporting of customer complaints.

3 19. Respondents agree to report Alaska Order No. 03-04 S and this Consent Order on  
4 Form U-4 for Van Flein and on Form BD for EdwardJones. Respondents agree to report the Carroll  
5 letter in accordance with NYSE Rule 351(d).

6 20. Respondents shall provide the division written confirmation that reporting has  
7 occurred under paragraph 18, above, within thirty days of the execution of this Consent Order.

8 21. Respondents agree to pay the division the sum of \$11,000 as partial reimbursement  
9 for the Division's investigative costs and expenses related to this matter.

10 22. EdwardJones agrees to review all incoming customer correspondence received at its  
11 Alaska branch offices and related to its Alaska agents for the three-year period ending October 1,  
12 2003, to determine whether other complaints have been misclassified.

13 23. EdwardJones agrees to provide the division within ninety days of the execution of  
14 this Consent Order a written report of the results of the correspondence review conducted pursuant  
15 to paragraph 22, above,

- 16 a. verifying the completion of the review;
- 17 b. providing to the division a total number of complaints received by  
18 EdwardJones' Alaska agents, together with copies of those complaints that were  
19 misclassified, identifying each complaint by the name of the complainant, the  
20 location, and date of receipt; and
- 21 c. verifying that any previously misclassified complaints discovered during the  
22 review have been reclassified as complaints, placed in the investment representative's  
23 complaint file, reported in accordance with NYSE Rule 351(d), and, if applicable,  
reported on the investment representative's Form U-4.

1           24. Respondents shall prepare a memorandum for the review and approval of the division  
2 to be distributed to all Alaska agents of EdwardJones and all personnel in its St. Louis, Missouri  
3 office who are responsible for supervising Alaska agents or making complaint determinations for  
4 correspondence received at Alaska branches. The memorandum shall alert all such personnel as to  
5 the proper standards for classifying any customer correspondence as a complaint and complying  
6 with the record keeping requirements for complaints. The memorandum shall be submitted to the  
7 division for approval within sixty days of the execution of this Consent Order and shall be  
8 distributed within thirty days of receipt of the division's approval.

9           25. EdwardJones agrees to provide additional training with respect to the identification of  
10 customer complaints for all personnel responsible for supervising Alaska agents or making  
11 complaint determinations for correspondence received at Alaska branches. Within ninety days of the  
12 execution of this Consent Order, EdwardJones will provide the division with written confirmation of  
13 the completion of such training, including the dates of the training, the names and titles of attendees,  
14 and all informational materials relating to customer complaint identification used at such training.

15           26. EdwardJones personnel conducting the next annual on-site examination of Alaska  
16 branches will provide training to Alaska agents regarding the identification of customer complaints.  
17 If the training is to be provided through a compliance video, the video shall be filed with the division  
18 prior to its use. Within thirty days of the completion of the Alaska on-site examinations,  
19 EdwardJones will provide written confirmation of the dates of such training, the names of agents  
20 receiving the training, and all written materials relating to customer complaint identification used at  
21 such training.

1 27. Respondents and the division agree that this Consent Order shall remain in full force  
2 and effect and binding until it is amended or vacated by further order of the administrator or the  
3 mutual agreement of the parties.

4 28. The division shall issue a final Order of Dismissal upon performance of the terms of  
5 this Consent Order.

6 DATED this 29 day of October 2003

7 STATE OF ALASKA  
8 Department of Community and Economic Development  
9 Division of Banking, Securities, and Corporations

10 By: /s/ Mark Davis  
11 Mark Davis  
12 Administrator

13 DATED this 4th day of December, 2003.

14 EDWARD JONES AND CO., LP

15 By: /s/ Pamela K. Carnes

16 Director of Compliance

17 Its: \_\_\_\_\_  
18 Who warrants his or her authority to enter into  
19 this agreement on behalf of the firm.

20 DATED this 9th day of December, 2003.

21 /s/ Peter Van Flein

22 PETER VAN FLEIN