

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

BANKERS & INVESTORS COMPANY (CRD# 6874),

Docket No. 14 E 18
KSC No. 2013-6090

And their representatives and agents,

Respondent.

Pursuant to K.S.A 17-12a412 and K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) alleges that Respondent Bankers & Investors Company (“BIC”) in its capacity as a registered Investment Adviser engaged in conduct that constitutes grounds for discipline and a basis for imposing administrative sanctions against the Respondent pursuant to K.S.A. 17-12a412.
2. Respondent BIC and the KSC Staff desire to settle the allegations and the matters raised by the KSC Staff relating to the alleged violations by Respondents.

CONSENT TO JURISDICTION

3. Respondent BIC and the KSC Staff stipulate and agree that the Securities Commissioner of Kansas (the “Commissioner”) has jurisdiction over Respondents and these matters pursuant to the Kansas Uniform Securities Act, K.S.A. §§ 17-12a101 through 17-12a703.
4. Respondent BIC and the KSC Staff stipulate and agree that the Commissioner has authority to enter this Order pursuant to K.S.A. § 17-12a604.

WAIVER AND EXCEPTION

5. Respondent BIC waives its right to a hearing with respect to this matter.

6. Respondent BIC waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent BIC specifically forever releases and holds harmless the Kansas Securities Commissioner, the KSC Staff 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 BIC stipulates and agrees that, should the facts contained herein prove to be false or incomplete, the KSC Staff preserves the right to pursue any and all legal and administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondent BIC and the KSC Staff 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. Respondent BIC acknowledges that should it fail to comply with this Order, it is subject to further discipline, including but not limited to revocation of its registration and civil penalties.
9. Respondent BIC neither admits nor denies the allegations made by the KSC Staff and agrees to the issuance of this Consent Order solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.
10. Respondent BIC 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 a factual basis. Nothing in this Order affects Respondent's (a) testimonial obligations; or (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.

FINDINGS OF FACT

11. Respondent Bankers & Investors Company (“BIC”) is a Missouri corporation with a principal place of business at 1300 N 78th Street, Suite G3, Kansas City, KS 66112. BIC is registered in the State of Kansas as a broker-dealer and an investment adviser.

Unregistered Investment Adviser Representatives

12. A 2010 examination of BIC by KSC staff found that BIC was associating with at least one unregistered investment adviser representative. At that time, BIC represented to KSC Staff that systems would be put in place to ensure all investment adviser representatives are properly registered.
13. Between January 3, 2011 and May 7, 2013, BIC associated with three individuals who transacted investment advisory business in the State of Kansas by soliciting clients on behalf of a third party investment adviser and a federal covered investment adviser.
14. A check of the records maintained by the Office of the Kansas Securities Commissioner shows that the three individuals were not registered to transact business in the State of Kansas as investment adviser representatives. As a result of the business transacted by the three unregistered investment adviser representatives, BIC received \$25,549.88 in fees.

Inadequate Supervision of Investment Adviser Representatives

15. As a result of a compliance examination conducted by KSC Staff, numerous violations were discovered which demonstrate inadequate supervision.
16. BIC has failed to update its Form ADV by removing terminated IARs.
17. BIC falsely stated in a Form ADV Part 2B brochure supplement for an IAR associated with the firm that the IAR “*does not have, nor has ever had, any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory or administrative proceeding...*” when in

fact the IAR has had his registration suspended and was publicly censured by the Office of the Kansas Securities Commissioner for forging client signatures. The IAR had also been publicly censured and fined by the NASD, and has multiple reportable events included on his Form U-4 for which he was found liable.

18. BIC has failed to maintain a client advisory agreement in a client's file, and failed to produce the agreement when it was requested by KSC Staff.
19. BIC has failed to comply with its own written supervisory procedures ("WSP") by not taking steps to ensure that documentation is forwarded to the home office by its IARs.
20. BIC has not adopted written policies and procedures regarding the sale of complex products, including non-traditional ETFs.
21. BIC has failed to maintain adequate supervisory procedures and systems in place to ensure that trade tickets are accurate.

CONCLUSIONS OF LAW

Violations of Associating with Individuals Required to be Registered as Investment Adviser Representatives

22. Paragraphs 1 through 21 are incorporated by reference as though fully set forth herein.
23. In violation of K.S.A. 17-12a403(d), Respondent BIC employed or associated with three unregistered individuals who were required to be registered as investment adviser representatives and who transacted business on behalf of Respondent BIC in the State of Kansas.

Failing to Reasonably Supervise

24. Paragraphs 1 through 21 are incorporated by reference as though fully set forth herein.
25. Pursuant to K.S.A. 17-12a412(d)(9), K.A.R. 81-3-7, and K.A.R. 81-14-10, Respondent BIC failed to reasonably supervise its investment adviser representatives and failed to establish and

keep sufficient supervisory procedures to detect and prevent violations of and achieve compliance with the Kansas Uniform Securities Act.

Violations of Making False or Misleading Filings

26. Paragraphs 1 through 21 are incorporated by reference as though fully set forth herein.
27. Respondent BIC violated K.S.A. 17-12a505 and K.A.R. 81-14-1(b)(3)(A) when it made false statements and failed to disclose material information in records filed under the Kansas Uniform Securities Act, namely Form ADV and is therefore subject to discipline pursuant to K.S.A. 17-12a412(d)(13).

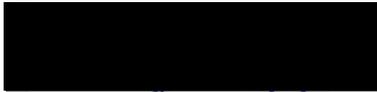
ORDER

IT IS, THEREFORE, ORDERED that:

- A. That the Commissioner's Order to Cease and Desist filed April 16, 2014 is hereby vacated.
- B. Respondent BIC shall pay a civil penalty in the amount of ten thousand dollars (\$10,000). The civil penalty shall be due and payable within ten (10) days of the issuance of this order and shall be made payable to the Investor Education Fund.

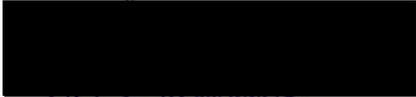
IT IS SO ORDERED BY THE COMMISSIONER.

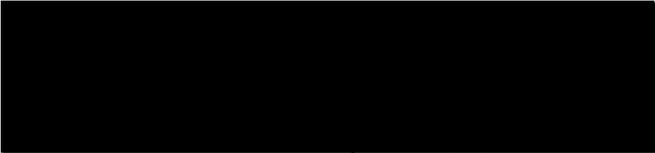
Entered at Topeka, Kansas this 3rd day of December, 2014.


Joshua A. Ney
Securities Commissioner of Kansas



CONSENTED TO BY:


Nathan J. Soendker
Senior Staff Attorney



Jerrod Foresman, President
Bankers and Investors Company

APPROVED AS TO FORM:



Roger N. Walter
Morris, Laing, Evans, Brock & Kennedy, Chtd.
Attorney for Respondent