

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

INVESTORS ADVISORY SERVICES, INC. (CRD# 105505),
RONALD DENNIS GOLDBERG (CRD# 4391013)

Docket No. 15 E 005
KSC No. 2014-6142

And their representatives and agents,

Respondents.

_____/
Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Securities Commissioner of Kansas ("KSC Staff") alleges that Respondent Investors Advisory Services, Inc. ("IAS") and Respondent Ronald Dennis Goldberg ("Goldberg") engaged in conduct that constitute violations of the Kansas Uniform Securities Act and that Respondents are subject to discipline pursuant to K.S.A. § 17-12a604.
2. Respondents and KSC Staff desire to settle the matters raised by KSC Staff relating to Respondents' alleged violations.

CONSENT TO JURISDICTION

3. Respondents 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. §§ 17-12a101-17-12a703.
4. Respondents 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. Respondents waive their right to a hearing with respect to these matters.

6. Respondents waive any rights that they 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 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. Respondents stipulate and agree that, should the facts contained herein prove to be false or incomplete, KSC Staff preserves the right to pursue any and all legal and administrative remedies at its disposal.

CONSENT TO COMMISSIONER'S ORDER

8. Respondents and 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.
9. Respondents admit the allegations made by KSC Staff and agree 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. 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 a factual basis. Nothing in this Order affects Respondents' (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.

I. FINDINGS OF FACT

11. Respondent IAS is a Kansas corporation incorporated on October 9, 1981 with a principal place of business at 4601 College Boulevard, Suite 190, Overland Park, Kansas 66211.

12. IAS is registered with the Office of the Kansas Securities Commissioner (“KSC”) as an investment adviser. The firm was previously registered with the Securities and Exchange Commission until June 2012 when it registered with Kansas and Missouri.
13. Respondent Goldberg is an individual residing at [REDACTED].
14. Goldberg is the sole investment adviser representative (“IAR”), President, and Chief Compliance Officer (“CCO”) of IAS. Goldberg has been registered with the KSC as an IAR since August 10, 1987.
15. Goldberg has discretionary authority over all accounts held at IAS and utilizes 1st Discount Brokerage (“1DB”) as a broker-dealer for all accounts except for a small number of trusts.
16. A 2014 examination of IAS by KSC Staff found that IAS and Goldberg violated the Kansas Uniform Securities Act as evidenced by the following facts:
 - a. Goldberg has not regularly met with or spoken to all of IAS’s clients in at least two years.
 - b. A registered representative of 1DB, who is not affiliated with IAS and works within the same office suite as Goldberg, regularly speaks with IAS’s clients, all of which are also 1DB clients. Despite this representation, neither IAS nor 1DB could provide any documentation during the on-site portion of the exam that any conversations actually occurred.
 - c. IAS maintains an Investment Management Worksheet which lists each client’s age, contact information, investment objective, and investment

strategies. At least one Investment Management Worksheet was executed by a client in 1988 and has not been updated since then by IAS or Goldberg.

- d. IAS and Goldberg do not gather and retain other written client information such as client financial situation, investment objectives, risk tolerances, needs, and goals.
- e. A registered representative of IDB places updated client information for IAS clients in each client file but IAS and Goldberg do not gather nor verify this information.
- f. The fees charged, services offered, and investment strategies utilized by IAS are not clearly disclosed within its Form ADV.

Misrepresenting Qualifications, Services, or Fees

17. IAS and Goldberg do not disclose the following material facts:
- a. IAS and Goldberg do not discount their fee for holdings in money market accounts or cash.
 - b. One of IAS and Goldberg's strategies is to invest a significant portion of many IAS clients' wealth in money market accounts.
 - c. Investing significant portions of clients' wealth in money market accounts is not a short-term strategy.
 - d. At least one of the money market accounts in which a significant portion of client wealth is invested in is yielding approximately 0.01% while client accounts are being charged a one percent fee.

Inadequate Books and Records

18. IAS and Goldberg maintain an Investment Management Worksheet which lists each client's age, contact information, investment objective, and investment strategies.
19. At least one Investment Management Worksheet was executed by a client in 1988 and does not appear to have been updated since then by IAS or Goldberg.
20. While a registered representative of IDB appears to place updated client information for IAS clients in each client file, IAS and Goldberg do not gather nor verify this information.
21. IAS and Goldberg do not gather and retain other written client information such as client financial situation, investment objectives, risk tolerances, needs, and goals.

II. CONCLUSIONS OF LAW

22. Paragraphs 1–21 are incorporated by reference as though fully set forth herein.
23. Pursuant to K.A.R. 81-14-5(d)(6), Respondents IAS and Goldberg omitted to state a material fact to more than one client that is necessary to make any statements made regarding qualifications, services, or fees, in light of the circumstance under which the statements are made, not misleading.
24. Pursuant to K.A.R. 81-14-4(b)(18), Respondents IAS and Goldberg failed to make and keep true, accurate, and current written information about at least one investment advisory client that was the basis for making any recommendation or providing any investment advice to the client.
25. The Commissioner has jurisdiction over Respondents and this matter. The following Order is in the public interest and is consistent with the purposes intended by the Kansas Uniform Securities Act.

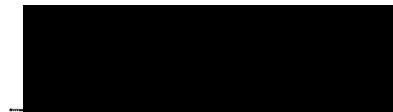
III. ORDER

IT IS, THEREFORE ORDERED by the Securities Commissioner of Kansas that:

- (1) Respondents shall revise Form ADV, Part 2A to accurately reflect the fees charged, services offered, and investment strategies utilized by IAS.
- (2) Respondents shall distribute the revised Form ADV, Part 2A to all clients with a cover letter attached. The cover letter shall be created by Respondents and must describe the changes made to Form ADV, Part 2A.
- (3) Respondents shall offer to meet with IAS's clients on an annual basis.
- (4) Respondents shall revise the firm's Investment Management Agreement to include additional instructions on how to fill out the form and more in depth client information detailing their financial situation, investment objectives, risk tolerances, needs, and goals. This document shall be required to be updated by clients at least once every three years.
- (5) Respondents shall pay a civil penalty of in the amount of seven thousand five hundred dollars (\$7,500.00) to the Investor Education Fund. Such amount shall be due and payable at the time Respondents deliver the signed Consent Order to the Commissioner.

(6) IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas this 6th day of April, 2015.



Joshua A. Mey
Securities Commissioner

CONSENTED TO BY:



Jeffrey S. Kruske
General Counsel
Office of the Kansas Securities Commissioner



Ronald Goldberg
Respondent



Investors Advisory Services, Inc.
Ronald Goldberg
President and Chief Compliance Officer