

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. S-19-0066

ORDER NO. S-19-0066-20-OR01

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
SIDNEY EUGENE BANKS**

RESPONDENT

CONSENT ORDER

This Consent Order (“Order”) is entered pursuant to the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated pursuant to the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-220, in accordance with an agreement between the Staff of the Arkansas Securities Department (“Staff”) and the Respondent, Sidney Eugene Banks (“Banks”).

The Respondent admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives his right to a formal hearing and appeal, consents to the entry of this Order, and agrees to abide by its terms in full and final settlement of all claims that could be brought against him on the basis of the facts set forth herein.

FINDINGS OF FACT

1. Banks, CRD No. 711829, first became registered with the Arkansas Securities Department (“Department”) as a broker-dealer agent for Merrill Lynch, Pierce Fenner & Smith Incorporated, CRD no. 7691, on May 20, 1983. Banks has been continuously registered with the Department in various capacities for several firms since his initial registration. Most recently, Banks became dual registered with the Department as an investment adviser representative and broker-dealer agent for St. Bernard Financial Services (“SBFS”) on November 29, 2012. SBFS, CRD No. 36956, is an Arkansas-registered broker-dealer and investment adviser. The SBFS

main office is located at 1609 West Main Street Russellville, Arkansas 72801. Banks conducts business from the SBFS branch office, CRD No. 523439, located at 300 W. Jefferson Jonesboro, Arkansas 72401. Banks has been the branch manager of this Jonesboro location from September 5, 2014 until present.

3. During a routine examination conducted by the Staff, Staff found that Banks has failed to timely update and amend his Form U4 to disclose the following financial events:

a. A state tax lien in an unspecified amount filed against Banks by the Tennessee Department of Revenue in the Davidson County Register of Deeds on April 6, 2004. This lien remained in effect against Banks until released in September 2019. Although the lien was subsequently released, it remained in effect longer than 30 days.

b. A civil judgment in the amount of \$49,589.53 entered against Banks in favor of Wells Fargo Advisors, LLC in the Circuit Court of Pulaski County, Arkansas on May 19, 2015. This judgment remains in effect and has not been satisfied to date.

c. A state tax lien in the amount of \$17,443.52 filed against Banks by the Arkansas Department of Finance and Administration in the Office of the Circuit Clerk of Craighead County, Arkansas on March 16, 2016. This lien remains in effect and has not been released to date.

d. A federal tax lien in the amount of \$56,154.52 filed against Banks by the Internal Revenue Service in the Office of the Circuit Clerk of Craighead County, Arkansas on April 25, 2017. This lien remains in effect and has not been released to date.

4. Question 14M of Form U4 asks “Do you have any unsatisfied judgments or liens against you?” Since April 2004, Banks’ Form U4 has been amended approximately 29 times.

However, only one amendment has been made during this time period to check “yes” to Question 14M. This amendment on January 6, 2006 was made to disclose a \$6,578.06 lien filed by the IRS in the Office of the Circuit Clerk of Craighead County, on December 12, 2005. Banks’ Form U4 was never amended to disclose any of the four aforementioned judgments or liens.

APPLICABLE LAW

5. In accordance with Rules 302.01(e)(1) and 302.02(c)(3) of the Rules and FINRA By-Laws, Article V, Section 2(c), Section 4(h) of Schedule A to the FINRA By-laws, registrants have a continuing obligation to promptly update Form U4 if any information changes or becomes inaccurate. Registrants are required to report when they become subject to an unsatisfied judgment or lien no later than 30 days after learning of the facts or circumstances giving rise to the event.

6. Rule 308.01(x) states that failing to comply with any applicable provision of conduct rules, any applicable fair practice or ethical standard, or any other applicable law or rule related to conducting business involving securities promulgated by the SEC or any self-regulatory organization shall be considered unethical and grounds for denial, suspension or revocation of a broker-dealer or agent registration, in addition to other unethical practices within the meaning of Sections 23-42-308 and 23-42-507 of the Act.

CONCLUSIONS OF LAW

7. Banks failed to promptly update his Form U4 in violation of Rules 302.01(e)(1), 302.02(c)(3), and 308.01(x) of the Rules and FINRA By-Laws Article V, Section 2(c), and Section 4(h) of Schedule A to the FINRA By-laws.

UNDERTAKING

8. In settlement of this matter, Banks agrees to pay a fine to the Department at the time of entry of this Order in the total amount of \$3,425.00. Banks also agrees to update Form U4 in accordance with all applicable laws, rules, and regulations.

OPINION

9. This Order is in the public interest. The facts set forth in paragraphs one through four support the violations of the Rules and FINRA By-laws set forth in paragraph seven.

ORDER

IT IS THEREFORE ORDERED that in accordance with the undertaking Banks shall pay a fine in the amount of \$3,425.00 to the Department at the time this Order is entered. Banks shall also update Form U4 in accordance with all applicable laws, rules, and regulations.



Eric P. Munson
Arkansas Securities Commissioner



Date

I hereby agree to the entry of this Consent Order, and consent to all terms, conditions, and orders contained therein, and waive any right to an appeal from this order.




Sidney Eugene Banks

11-3-2020

Date

Approved as to content and form:



Aislinn Andrews
Staff Attorney, Arkansas Securities Department

11/5/2020

Date