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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO S-12-0067
ORDER NO. S-12-0067-13-OR03

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
WILLIAM WAYNE LARUE

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 ("Act"), the Rules of the Arkansas Securities Commissioner ("Rules") promulgated under the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and William Wayne LaRue ("LaRue"), in full and final settlement of all claims that could be brought against LaRue by the Staff on the basis of the facts set forth herein.

LaRue admits the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), neither admits nor denies the findings of fact made herein, waives his right to a formal hearing and appeal, consents to the entry of this order, and agrees to abide by its terms in settlement of any possible violations committed by LaRue concerning the matters detailed in this order.

FINDINGS OF FACT

1. LaRue, CRD number 1279279, is currently registered with the Arkansas Securities Department as an agent of a broker-dealer.
2. In July 2011, LaRue failed to contact and obtain prior authorization before purchasing securities in the accounts of six of his Arkansas clients. All six of these Arkansas clients worked at the same business. Further, LaRue was not authorized to engage in

discretionary trading in these client's accounts. LaRue left his employment with Stephens Inc. in August 2011. In September 2011, LaRue's former employer, Stephens Inc., was made aware of the unauthorized trading by LaRue. After further investigation into this matter, Stephens Inc. backed out or cancelled one securities trade in each of the accounts of the six clients. The Stephens' compliance office memoranda and emails all list unauthorized trading as the reason for backing out or cancelling these trades.

3. LaRue engaged in discretionary trading in the securities account of Arkansas Resident 1 ("AR1") without first obtaining proper written authorization. AR1 was a longstanding client and personal friend of LaRue. AR1 trusted LaRue. LaRue repeatedly engaged in discretionary trading in the securities account of AR1. However, AR1 never completed any paperwork or written forms granting LaRue the authority to engage in discretionary trading.

4. LaRue engaged in unsuitable securities sales, when he sold leveraged and/or inverse exchange traded funds (ETFs) to Arkansas Resident 2 ("AR2"). Both of these leveraged and/or inverse ETFs were issued by ProShares. The prospectuses for these ProShares securities clearly state that the leveraged and/or inverse ETFs "reset" daily, meaning they are designed to achieve their desired objective on a daily basis, and the effects of compounding present unique risks over longer holding periods. The ProShares prospectuses further state that the funds "may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results. Shareholders should actively monitor their investments".

5. Twice during July 2009 LaRue solicited and sold leveraged and/or inverse ProShares ETFs to AR2. These leveraged and/or inverse ETFs were held in AR2's margin account for

weeks. The investment objective listed on AR2's account form was long term growth with greater risk. The leveraged and/or inverse ETFs sold by LaRue to AR2 were short term speculative securities. Therefore, these leveraged and/or inverse ETFs were not suitable securities for LaRue to sell to AR2.

6. LaRue fully cooperated with the Staff, during the Staff's examination of this matter.

APPLICABLE LAW

7. Rule 308.01(d) of the Rules states that it shall be considered grounds for suspension or revocation of an agent registration to recommend to a customer the purchase of any security when an agent does not have reasonable grounds for believing that the recommendation is suitable for the customer upon the basis of the facts, if any, disclosed by the customer as to his other security holdings and as to his financial situation and needs.

8 Rule 308.01(o) of the Rules states that it shall be considered grounds for suspension or revocation of an agent registration to cause the execution of a transaction which is unauthorized by a customer or the sending of a confirmation in order to cause a customer to accept transactions not actually agreed upon or exercising any discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer, unless the discretionary power relates solely to the time and/or price for the execution of orders.

CONCLUSIONS OF LAW

9. LaRue violated Ark. Code Ann. § 23-42-308(a)(2)(G) and Rule 308.01(d) of the Rules, when he sold unsuitable securities to an Arkansas client as detailed in paragraphs 4 and 5.

10. LaRue violated Ark. Code Ann. § 23-42-308(a)(2)(G) and Rule 308.01(o) of the Rules, when he engaged in unauthorized securities trading in the accounts of several Arkansas clients as detailed in paragraphs 2 and 3.

11. Pursuant to Ark. Code Ann. § 23-42-308(g), the Commissioner may impose an appropriate fine against LaRue.

OPINION

This order is in the public interest. The facts as set out in paragraphs 2 through 5 support the violations of the Act and the Rules as set out in paragraphs 9 and 10.

ORDER

IT IS THEREFORE ORDERED that LaRue shall have his registration in Arkansas as an agent of a broker-dealer suspended for a period of four months, beginning October 21, 2013; LaRue shall pay a fine in the amount of \$10,000.00 to the Arkansas Securities Department within 30 days of LaRue's passing the tests listed below; However, should LaRue fail to take and pass said tests, then LaRue shall pay said fine to Arkansas Securities Department on or before April 21, 2014; and LaRue shall be required to retake and pass the series 7 and 63 or 66 tests before the end of his suspension period.

WITNESS MY HAND AND SEAL on this 10th day of October, 2013.




A. Heath Abshure
Arkansas Securities Commissioner

APPROVED AS TO CONTENT
AND FORM:



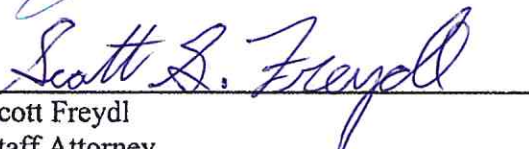
William Wayne LaRue
The Respondent

Date



Pat James
Attorney for the Respondent

Date



Scott Freydl
Staff Attorney
Arkansas Securities Department

10/7/13

Date