

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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IN THE MATTER OF: JOHN R. TUFTS )  
\_\_\_\_\_)

FILE NO. 0900404

**CONSENT ORDER OF WITHDRAWAL**

TO THE RESPONDENT:

John R. Tufts  
(CRD #: 3198904)  
3003 Ashford Lane  
Madison, Wisconsin 53713

John R. Tufts (CRD #: 3198904)  
C/o Ameriprise Financial Services, Inc.  
5221 Ameriprise Financial Center  
Minneapolis, Minnesota 55474

WHEREAS, Respondent on the 19<sup>th</sup> day of January 2010 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated November 24, 2009 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.

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2. That on August 25, 2009 FINRA entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. **2007011458801** Which sanctioned the Respondent as follows:
  - a. three (3) month suspension in all capacities: and
  - b. \$15,000 fine.
3. That the AWC listed the following background information:

On April 27, 1999, the Respondent entered the securities industry as an Investment Company Products/Variable Contracts Representative of a FINRA member. On October 7, 2000, he became a General Securities Representative. On September 2000, he became registered in these capacities with Ameriprise Financial Services, Inc., a FINRA member (Member). He is currently registered in these capacities with the Member.
4. That the AWC found:

### OVERVIEW

Between October 2005 and April 2006, the Respondent failed to execute transactions and engaged in unauthorized transactions in customer accounts. The Respondents' failure to execute transactions resulted in customer harm.

On September 5, 2007, the Respondent exercised discretion in a customer's account and changed the customer's variable annuity sub-account selections without having obtained the customer's prior written authorization and without the firm's **acceptance of the accounts as discretionary.**

### FACTS AND VIOLATIVE CONDUCT

#### Unauthorized Transactions and Failures to Execute Buy and/or Sell Orders

##### Customer DM

In October 2005, the Respondent recommended to Customer DM that she purchase \$500 worth of shares of a stock called Global Beverage Systems (GBVS) and open a Roth Individual Retirement Account (Roth IRA). Customer DM agreed to these recommendations. However, the Respondent failed to purchase the GBVS shares for DM.

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In December 2005, Customer DM inquired about the performance of GBVS. The Respondent admitted that he failed to enter the order and since the shares had nearly doubled in value, he recommended against buying shares in GBVS until the price dropped. Customer DM agreed to delay the purchase of GBVS shares.

In January 2006, Customer DM agreed to sell shares of Briggs and Stratton (BGG) to fund the Roth IRA with the maximum \$4,000 annual contribution limit for 2005. The Respondent did not immediately execute this order. On February 22, 2006, the Respondent finally executed the transaction and sold shares of BGG, but by this time, the price of the stock had declined and the proceeds did not amount to \$4,000. The Respondent attempted to call Customer DM but did not reach her. Without Customer DM's authorization, the Respondent sold 200 shares of a different stock, Marshall & Isley Corp. (MI), in order to reach the \$4,000 amount. At the same time, the Respondent purchased \$1,144 worth of GBVS shares for Customer DM's account without her authorization.

### **Customers RP and SP**

In April 2006, a married couple, Customers RP and SP, had separate individual securities accounts with the Respondent. On April 27, 2006, Customers RP and SP instructed the Respondent to place good-until-cancel stop-loss orders for all their individual stocks held in both accounts. These instructions affected nine stocks held by Customer RP and 10 stocks held by Customer SP. The Respondent did not place those stop-loss orders. This caused Customers RP and SP to suffer \$5,300 in unnecessary losses. On July 6, 2006, Customers RP and SP sent a complaint letter to the Member.

On September 13, 2006, the Member issued the Respondent a "letter of caution" as a result of this complaint letter. This letter warned the Respondent to cease exercising discretion within customer accounts. This letter was made part of the Respondent's permanent compliance file at the Member.

By engaging in unauthorized transactions and by failing to execute buy and sell transactions in customer accounts, the respondent violated NASD Conduct Rule 2110 and IM-2310-2.

### **Discretionary Trading**

The Member's written supervisory procedures prohibit discretionary trading within customer accounts. As noted above, on September 13, 2006, the Member warned the Respondent not to exercise discretion in customer accounts with a warning letter as a result of his activities in Customer RP's and SP's accounts.

Nonetheless, on September 5, 2007, the Respondent exercised discretion in Customer DG's account by changing sub-account allocations in her variable annuity without discussing the transactions with the customer. Customer DG gave the Respondent verbal authority to exercise discretion, but no written permission was given. This transaction did not result in any fees or charges to Customer DG.

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By exercising discretion in this customer account without obtaining prior written authorization from the customer, and written acceptance from the Member, the Respondent violated NASD Conduct Rules 2510(b) and 2110.

5. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be revoked if the Secretary of State finds that such Salesperson has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from Any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory Organization.
6. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of Seven Hundred Fifty dollars (\$750.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of Seven Hundred Fifty dollars (\$750.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

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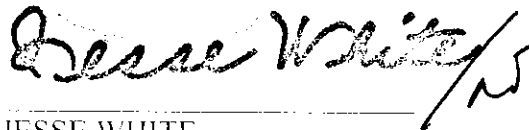
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WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order.
2. The Respondent is levied costs of investigation in this matter in the amount of Seven Hundred Fifty dollars (\$750.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on January 19, 2010 has submitted Seven Hundred Fifty dollars (\$750.00) in payment thereof.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED This 26<sup>th</sup> day of January, 2010.



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State of Illinois

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