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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
registration under the Securities Act of  
Washington of:

Order Number S-18-2490-18-CO01

CONSENT ORDER

STEPHEN COUPE (CRD 2061979),

Respondent.

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**INTRODUCTION**

Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Administrator of the Department of Financial Institutions, Securities Division (Securities Division) and the Respondent, Stephen Coupe, do hereby enter into this Consent Order in settlement of the matters alleged herein. The Securities Division believes that entry of a Consent Order is in the public interest and is appropriate for the protection of investors.

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**FINDINGS OF FACT**

*Respondent*

1. Stephen Coupe (Coupe) was registered as a securities salesperson and an investment adviser representative at First Allied Securities until he was terminated for violating the firm's policy by exercising discretion in client brokerage accounts without the firm's approval. His individual Central Registration Depository (CRD) number is 2061979.

*Nature of the Conduct*

2. During a routine examination on or about October 8, 2013, when Coupe was employed at First Allied Securities, a Securities Division examiner found that Coupe might have been exercising

1 discretion in customer accounts. Exercising discretion in customer accounts means that he was entering  
2 trades without obtaining authorization from his customers immediate prior to entering the trades. For a  
3 securities salesperson to exercise discretion in client accounts, the employing firm must allow the practice  
4 and the customer must give written authority. First Allied did not authorize Coupe to exercise discretion  
5 in client accounts and had not received written authority from the customers for Coupe to exercise  
6 discretion in their accounts. The Securities Division examiner brought this to the firm's attention. The firm  
7 investigated it and determined that he was exercising discretion in customer accounts. The firm placed  
8 Coupe on heightened supervision for two years from November 22, 2013 to November 22, 2015.

9 3. After Coupe completed the heightened supervision plan, First Allied observed that Coupe  
10 purchased the same stock for 12 customers within 8 minutes. First Allied suspected that Coupe did not  
11 obtain permission from each customer immediately before entering these trades. First Allied investigated  
12 and determined that Coupe failed to obtain customer permission to place the trades. Coupe was terminated  
13 by First Allied for violating the firm's policy by exercising discretion in brokerage accounts without the  
14 firm's approval.

15 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

### 16 CONCLUSIONS OF LAW

17 1. Respondent Stephen Coupe entered trades for customers without first obtaining permission  
18 from his customers in violation of WAC 460-22B-090(8). Pursuant to RCW 21.20.110(1)(g), such a  
19 violation is a basis to enter an order to condition a registration, impose a fine, and to charge costs.

20 2. Respondent Stephen Coupe's practice of exercising discretionary power in a customer's  
21 account without the firm having written authority from the customer violated WAC 460-22B-090(9).  
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1 Pursuant to RCW 21.20.110(1)(g), such a violation is a basis to condition a registration, impose a fine, and  
2 to charge costs.

3 3. Respondent Stephen Coupe's practice of exercising discretionary power in a customer's  
4 account without firm approval violated WAC 460-22B-090(9). Pursuant to RCW 21.20.110(1)(g), such a  
5 violation is a basis to condition a registration, impose a fine, and to charge costs.

### 6 **CONSENT ORDER**

7 Based upon the foregoing and finding it in the public interest:

8 IT IS AGREED and ORDERED that approval of any future registration requests by Respondent  
9 is conditioned upon a sponsoring firm providing the Securities Division with an acceptable plan of  
10 supervision that addresses monitoring Respondent's use of discretion in customer accounts. The plan  
11 must set forth the conditions under which Respondent may use discretion and the method(s) for obtaining  
12 and documenting client trade authorization. Such a plan must be in place while he is registered and the  
13 Securities Division must be notified before it is modified.

14 IT IS AGREED that this Consent Order alone will not constitute a bar to the approval of an  
15 application for registration as a securities salesperson or investment adviser representative.

16 IT IS FURTHER AGREED and ORDERED that Respondent be liable and pay a fine of \$5,000  
17 and costs of \$1,000. Respondent will pay \$500 at the entry of the order and will make quarterly payments  
18 of \$1,000 by the month-end of March, June, September, and December of each year starting in December  
19 2018 until paid in full. Failure to make a timely payment will be grounds for revocation of Respondent's  
20 broker-dealer, securities salesperson, investment adviser, and investment adviser representative  
21 registration(s). If Respondent fails to make a timely payment and he does not hold a broker-dealer,  
22 securities salesperson, investment adviser, or investment adviser representative registration, it will be

1 grounds to deny any future licensing application Respondent might make to the Department of Financial  
2 Institutions.

3 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent  
4 Order.

5 IT IS FURTHER AGREED that Respondent enters into this Consent Order freely and voluntarily  
6 and with full understanding of its terms and significance.

7 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent waives his right to  
8 a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and chapter 34.05 RCW.

9 **AUTHORITY AND PROCEDURE**

10 This Consent Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to  
11 the provisions of RCW 21.20.120 and chapter 34.05 RCW. The Respondent has been notified of his right  
12 to an administrative hearing and has waived his right to a hearing.

13 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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15 SIGNED this 19th day of September, 2018.

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17 /s/ \_\_\_\_\_

18 Stephen Coupe (CRD 2061979)

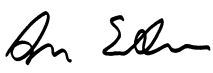
19 SIGNED AND ENTERED this 28th day of September, 2018.

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WILLIAM M. BEATTY  
Securities Administrator

Approved by:



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Suzanne Sarason  
Chief of Enforcement

Presented by:



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Kristen Standifer  
Financial Legal Examiner