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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:

TOM PUENTES (CRD 1713812),

Respondent.

Order Number S-18-2554-19-CO01

CONSENT ORDER

8 THE STATE OF WASHINGTON TO: Tom Puentes, CRD 1713812

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**INTRODUCTION**

11 Pursuant to the Securities Act of Washington, Chapter 21.20 RCW, the Securities Administrator  
12 of the Department of Financial Institutions Securities Division (“Securities Division”) and the Respondent,  
13 Tom Puentes, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein.  
14 The Securities Division believes that entry of an agreed Consent Order is in the public interest and is  
15 appropriate for the protection of investors. The Securities Division and Respondents jointly set forth the  
16 following Findings of Fact and Conclusions of Law.

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**FINDINGS OF FACT**

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*Respondent*

1. Tom Puentes has a pending registration application as an investment adviser representative  
20 for PeachCap Securities, Inc. Puentes’ Central Registration Depository (CRD) number is 1713812.

*Nature of the Conduct*

2. Puentes first registered in Washington as a securities salesperson in 1991 and was continuously employed as such until he was terminated by Morgan Stanley on October 30, 2014 for violating firm policy by exercising time and price discretion in client accounts without written authorization or firm approval. He has been registered as an investment adviser representative since 2014. Starting in at least 1997, Puentes has been located in Washington state.

3. On September 22, 2016, Puentes and FINRA entered into an Acceptance, Waiver, and Consent no. 2014042676301 (“AWC”) that stated Puentes exercised discretion in at least 14 customer accounts to execute 220 transactions without written authorization from the client contrary to firm policy. In addition, the AWC stated that Puentes failed to disclose his use of discretion to Morgan Stanley when responding to the firm’s annual compliance questionnaire for the years 2010 to 2013.

4. Puentes was employed at Kestra Private Wealth Services, LLC as an investment adviser representative from December 10, 2014 to May 7, 2018.

5. In 2018, while employed at Kestra, Puentes received two emails from a customer stating the customer thought an investment in Puerto Rico COFINA bonds Puentes sold him years earlier was inconsistent with the customer’s investment objectives. At the time of the investment, the bonds were investment grade. Puentes spoke with the customer by telephone, but failed to report the emails to Kestra. Kestra’s policies required its representatives to report customer complaints to the firm. It is important that a firm knows when a complaint is received so that the firm may appropriately resolve the complaint and report it on the salesperson’s Form U4 as necessary. Reporting customer complaints on a salesperson’s Form U4 gives other investors notice of the complaint.

1 6. During a heightened supervision plan review of Puentes' emails, Kestra discovered the  
2 unreported customer complaints.

3 7. Twenty-two complaints were filed regarding Puentes' sales practices while he was  
4 registered at Kestra regarding sales of Puerto Rico COFINA bonds that occurred while Puentes was  
5 employed at Morgan Stanley.

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

7 **CONCLUSION OF LAW**

8 Failing to report the two emails to his firm as required under the firm's policies and  
9 procedures was a dishonest business practice as defined in WAC 460-24A-220 and RCW 21.20.020(1)(c).  
10 Such conduct is a basis to enter an order to condition a registration under RCW 21.20.110(1)(b) and to  
11 impose a fine and charge costs under RCW 21.20.110(7).

12 **CONSENT ORDER**

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

14 IT IS AGREED that Respondent shall pay a fine of \$12,500. Respondent shall pay \$1,500 prior to the  
15 entry of this consent order and \$2,000 per quarter thereafter until the fine is paid in full. Quarterly  
16 payments shall be made on each March 1, June 1, September 1, and December 1 beginning on September  
17 1, 2019. Failure to make a timely payment will be grounds for revocation of Respondent's broker-dealer,  
18 securities salesperson, investment adviser, and investment adviser representative registration(s). If  
19 Respondent fails to make a timely payment when he does not hold a broker-dealer, securities salesperson,  
20 investment adviser, or investment adviser representative registration(s), it will be grounds to deny any  
21 future registration application Respondent might make with the Department of Financial Institutions.

1 IT IS FURTHER AGREED AND ORDERED that for each trade Respondent enters, he will obtain and  
2 document client trade authorization immediately before the trade is entered. Six months after this order is  
3 entered, Respondent may use discretion in client accounts where the client has approved discretionary trading  
4 for the account in writing and the firm has approved Respondent's use of discretion in the client account.

5 IT IS FURTHER AGREED that before an application for registration as an investment adviser  
6 representative or securities salesperson for Respondent is approved his sponsoring firm must provide the  
7 Securities Division with an acceptable plan of supervision that addresses monitoring Respondent's use of  
8 discretion in client accounts. Such plan must be in place for at least one year and the Securities Division  
9 must be notified before the plan is modified or terminated.

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

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

13 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent waives the right to a  
14 hearing and judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

15 **AUTHORITY AND PROCEDURE**

16 This Order is entered pursuant to the provisions of chapter 21.20 RCW and is subject to the  
17 provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondent was notified of the right to an  
18 administrative hearing and waived it.

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1 SIGNED this \_\_\_\_<sup>th</sup> day of June, 2019.

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4 By:

5  
6 /s/  
7 Jeff Riffer, California Bar # 87016  
8 Attorney for Tom Puentes

9 By:

10 /s/  
11 Tom Puentes, CRD # 1713812

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13 DATED AND ENTERED this 2nd day of July 2019.

14 By:

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16  
17 William M. Beatty  
18 Securities Administrator

19 Approved by:

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22 Suzanne Sarason  
23 CONSENT ORDER

Presented by:

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25 Kristen Standifer

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Chief of Enforcement

Financial Legal Examiner

CONSENT ORDER

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**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760