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

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Robert B. Pyles,
Aka R. Bruce Pyles

Respondent.

S-02-225-03-CO01

CONSENT ORDER

Case No. S-02-225

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On May 16, 2002, the Securities Division, Department of Financial Institutions, State of Washington (the "Securities Division"), issued STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER SUSPENDING REGISTRATION AND IMPOSING FINES SDO-040-02 (hereinafter referred to as the "Statement of Charges") against Respondent Robert B. Pyles, aka R. Bruce Pyles, ("Pyles"). Certain information came to the attention of the Securities Administrator that required amendment of the Statement of Charges on June 12, 2002. The Securities Division and Respondent Pyles do hereby agree to this Consent Order in settlement of the above captioned matter. Respondent Pyles neither admits nor denies the Tentative Findings of Fact and Conclusions of Law as set forth below.

TENTATIVE FINDINGS OF FACT

RESPONDENT

1. Robert B. Pyles, aka R. Bruce Pyles ("Pyles"), is registered with the State of Washington as a securities salesperson for Morgan Stanley DW Inc. ("Morgan Stanley"). Morgan Stanley is a broker/dealer of securities and has its principal place of business at 1585 Broadway, New York, NY 10036.

CONSENT ORDER

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

1 2. Pyles' office of employment with Morgan Stanley is 601 Union Street, Suite 2900 Seattle, WA
2 98101.

3 3. Prior to his employment with Morgan Stanley in December 2000, Pyles was previously
4 employed, as a securities salesperson for First Union Securities, Inc. from October 1999 through December
5 2000; First Union Capital Markets Corp from January 1998 through October 1999; and CIBC Oppenheimer
6 from March 1989 through December 1997.

7 **NATURE OF PYLES' CONDUCT**

8 4. On or about September 20, 1996, one of Pyles' customers, a 77-year-old widow, loaned him
9 Twenty-Five Thousand Dollars (\$25,000).

10 5. The customer made out a Check No. 942, payable to the order of Bruce Pyles, in the amount
11 of \$25,000 ("Customer's Check"). The Customer's Check is dated September 20, 1996 and contains the
12 word "loan" in the memo field.

13 6. On or about September 30, 1996, the Customer's Check was deposited to an account at Chase
14 Manhattan Bank, using the endorsements "deposit only," account number¹, and a signature showing the name
15 "Bruce Pyles."

16 7. No promissory note, loan agreement ("IOU" or otherwise), principal or interest payment
17 schedule, due date, interest rate or other term or documentation typical of a loan was ever expressed or
18 created. At the time Pyles received the check, the customer had made him an alternate trustee of her
19 testamentary trust and had made him a beneficiary as well. Pyles claims to have received oral confirmation
20 from the customer that the check was gift, but admits that he did not ask the customer to sign a written
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22 ¹ The account number is not shown for purposes of privacy protection.

1 acknowledgement memorializing that the payment was in fact a gift. Pyles is no longer referenced in the
2 customer's testamentary trust.

3 8. The Customer has not been repaid.

4 9. On or about June 5, 2002, Pyles, filed an amended U-4 through the Central Registration
5 Depository, stating that his residential address changed on February 2001 to 50 Harms Way, Port Ludlow,
6 WA 98635.

7 Based upon the above Tentative Findings of Fact, the following tentative Conclusions of Law are
8 made:

9 CONCLUSIONS OF LAW

10 1. Pyles, as described above, engaged in one or more dishonest or unethical practices in the
11 securities business, as defined by WAC 460-22B-090(1), by engaging in the practice of borrowing money
12 from a customer.

13 2. Pyles, as described above, failed to comply with his duty to update his licensing application
14 within thirty (30) days of the occurrence of the event of changing his residence, as required by WAC 460-
15 22B-060(1).

16 CONSENT ORDER

17 The Securities Division and Pyles have agreed upon a basis for resolution of the matters alleged
18 and concluded herein. The Securities Division and Pyles are desirous of avoiding litigation in light of
19 Pyles's agreement to fully repay the investor referenced in the Statement of Charges.

20 Based upon the foregoing,

21 It is AGREED that Pyles shall pay the Securities Division Twenty-Five Thousand Dollars
22 (\$25,000). Said payment is to be made to the Securities Division prior to the entry of this Order. The

23 CONSENT ORDER

1 funds shall be paid into a special account established by the Securities Division for reimbursement to
2 the investor referenced in the Statement of Charges. Upon receipt of the funds, the Securities Division
3 shall promptly issue a warrant from the special account to reimburse the investor.

4 It is further AGREED that the Securities Division has jurisdiction to enter this Order.

5 It is further AGREED AND ORDERED that in consideration of the agreements set forth in this
6 Consent Order, Pyles withdraws his request for a hearing, waives his right to a hearing on this matter,
7 waives his right to judicial review of this Order pursuant to RCW 21.20.440, and the Securities
8 Division hereby vacates Statement of Charges and Notice of Intent to Issue an Order Suspending
9 Registration and Imposing Fines, SDO-040-02 as amended.

10 DATED this _____ day of _____, 2003.

11 Approved for entry by:

12
13 _____
14 Christopher B. Wells, Esq.
15 WSBA # 8302
16 Lane Powell Spears Lubersky LLP
17 Attorney for Robert B. Pyles

18 Signed by:

19 _____
20 Robert B. Pyles

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25 CONSENT ORDER

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THIS ORDER ENTERED THIS 11th DAY OF February , 2003 BY:

Deborah R Bortner

DEBORAH R. BORTNER
Securities Administrator

Approved for entry by:

Michael E. Stevenson
Chief of Enforcement

Presented by:

Chad Standifer
Staff Attorney