

ADMINISTRATIVE PROCEEDING
File No. 3-17604

Former Investment Adviser Firm and CIO Settle to SEC Charges

September 30, 2016 - The Securities and Exchange Commission announced today that Moloney Securities Co., Inc. and Joseph Ronald Medley, Jr. have agreed to settle compliance and disclosure-related charges stemming from the firm's failures to properly conduct and accurately disclose its practices regarding principal transactions and implement the firm's compliance policies and procedures regarding principal transactions and best execution.

According to the SEC's order, the SEC's Office of Compliance Inspections and Examination conducted examinations of Moloney and issued three deficiency letters to Moloney in 2006, 2009 and 2012.

In the 2006 exam deficiency letter, the SEC's exam staff noted, among other items, that Moloney did not have written compliance policies and procedures in place for its investment advisory business. Moloney represented that it would correct the noted deficiencies. While Moloney developed its written compliance policies and procedures for its investment advisory business, the SEC's 2009 exam revealed that Moloney had not adequately implemented those policies concerning best execution and principal transactions. Furthermore, Moloney did not properly conduct principal transactions. Accordingly, the SEC's exam staff issued a deficiency letter in 2009 that identified deficiencies relating to Moloney's practices regarding principal transactions and Moloney's failure to implement its compliance policies and procedures regarding principal transactions and best execution. Moloney again responded that it would resolve these deficiencies moving forward. Following the issuance of these two deficiency letters from the SEC's exam staff, Moloney received another deficiency letter from the agency's exam staff in 2012 that identified that the firm's past deficiencies regarding principal transactions and implementation of compliance policies and procedures were ongoing.

Beginning in July 2008, Medley served as Chief Investment Officer (CIO) and President of Moloney's investment advisory business. Through these roles, Medley was responsible for overseeing Moloney's investment advisory business during the relevant period. Thus, Medley was responsible for ensuring that Moloney conducted principal transactions in compliance with the Advisers Act and in a manner consistent with its written disclosures, and that the firm's practices accurately conformed and adhered to its compliance policies and procedures regarding principal transactions and best execution.

The SEC's order finds that Moloney violated Sections 206(2), 206(3), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder, and that Medley caused Moloney's violations of Sections 206(2), 206(3), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder. Without admitting or denying the findings, Moloney and Medley agreed to a cease-and-desist order, Moloney agreed to pay a civil penalty of \$34,000, and Medley agreed to pay a civil penalty of \$7,500.

The SEC's investigation was conducted by Ana P. Doncic of the Chicago office, and supervised by Barry Isenman. The investigation followed the examination conducted by the Chicago office examination staff of Emad Elsebaie, Stacey Gohl, Jack Howard, Vanessa Horton and Erik Lillya.

See also: [Order](#)