



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	
)	Division Case No. 98241
DAMON D. WALKER,)	
CRD 2999280,)	ORDER AND
NPN 244230,)	CONSENT TO ORDER
DOB 08/17/XXXX,)	
)	
Respondent)	

NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by the consent of Respondent Damon D. Walker, pursuant to the provisions of Iowa Code Chapter 502—the Iowa Uniform Securities Act and Iowa Administrative Code Chapter 191—50 Regulation of Securities Offerings and Those Who Engage in the Securities Business, the Commissioner enters the following Order and Consent to Order (“Consent Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Doug Ommen, directly and through his designees, administers and enforces Iowa Code Chapter 502—the Iowa Uniform Securities Act pursuant to Iowa Code § 502.601 as the Securities Administrator (“Administrator”) pursuant to Iowa Code § 505.8.
2. Damon D. Walker (“Respondent”) is an individual with a last-known residence address of 2383 Sugar Bottom Road NE, Solon, IA 52333.
3. Respondent is and has been registered as a securities agent and as an investment adviser representative in Iowa since August 2, 2010. Respondent is registered under Central Registration Depository (“CRD”) number 2999280.
4. Pursuant to Iowa Code § 505.28, Respondent has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by Iowa Code Chapters 502.

5. From on or about January 2013 to present, Respondent has engaged in acts and practices within the state of Iowa constituting cause for denial, revocation, suspension, withdrawal, restriction, condition, or limitation of his securities agent and investment adviser registration; cease and desist orders; and civil penalties or other relief under Iowa Code Chapter 502 and rules adopted pursuant to these chapter.

6. Respondent knowingly and voluntarily enters into this Consent Order to avoid the delay, uncertainty, inconvenience, and expense of litigation. Respondent neither admits nor denies the findings of fact and conclusion of law found herein.

II. FINDINGS OF FACT

7. Respondent became a registered securities agent and investment adviser representative in Iowa by submitting a Form U4 through the Central Registration Depository (“CRD”) of the Financial Industry Regulatory Authority (“FINRA”). Respondent was assigned Individual CRD Number 2999280. In applying for his securities agent registration, Respondent irrevocably appointed the Securities Administrator as his agent for service of process.

8. In June 2011, Respondent and Consumer R.B. went over her financial condition as part of a pre-existing relationship with Respondent due to the previous purchase of term life insurance and a long-term care policy.

9. From April 2012 until Fall of 2013, Consumer R.B. would discuss her financial situation with Respondent including her move to a new city, a new mortgage, and her lack of savings.

10. In the Fall of 2013, Consumer R.B. asked Respondent about possible investment options. Consumer R.B. indicated to Respondent that she wanted to invest her 401K funds into an IRA.

11. In discussions with Respondent, Consumer R.B. indicated her risk tolerance was “moderate” and asked questions regarding how easy it was to get money out of the funds.

12. On the “Client Information and Suitability Form,” Consumer R.B. indicated her primary investment objective was “Growth & Income” and her secondary investment objective was “Growth.”

13. Consumer R.B.’s 401K funds were placed into an Oppenheimer money fund on October 29, 2013.

14. On November 29, 2013, Respondent sold Consumer R.B. the following four Oppenheimer mutual funds (collectively “the Steelpath Mutual Funds”) constituting \$21,441:

- a. Oppenheimer Steelpath MLP Select 40 Fund CL A (“Select”);
- b. Oppenheimer Steelpath MLP Alpha Fund Class A (“Alpha”);
- c. Oppenheimer Steelpath MLP Income Fund Class A (“Income”); and
- d. Oppenheimer Steelpath MLP Alpha Plus Fund Class A (“Alpha Plus”).

15. The Steelpath Mutual Funds are concentrated in the energy infrastructure industry with an emphasis on securities issued by Master Limited Partnerships, which may involve additional risks compared with common stock investments.

16. In the emails sent to Consumer R.B., Respondent held himself out as an “Investment Advisor Representative” and answered her questions regarding long-term care as well as some questions related to the Steelpath Mutual Funds.

17. After tracking the Steelpath Mutual Funds and watching the funds lose money, Consumer R.B. transferred the money contained in the Steelpath Mutual Funds, \$17,465, to a targeted retirement fund in December 2017.

III. CONCLUSIONS OF LAW

18. Under Iowa Code § 502.412(4)(m), the Administrator may deny the application for registration; may limit the registration of an applicant; may revoke, suspend, bar, condition, or limit the registration of a registrant; and may impose civil penalties if a person has “engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous ten years.”

19. Under Iowa Administrative Code 191—50.16(1)(c)(2), dishonest or unethical business practices in the securities business includes a person recommending a transaction or investment strategy involving a security or securities without having a reasonable basis to believe that the transaction or investment strategy is suitable for the customer. The reasonable basis is based upon the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile.

20. Respondent recommended an investment strategy without having a reasonable basis to believe that the recommendation was suitable for Consumer R.B.

21. The investments lost significant value from the date of investment until the date Consumer R.B. sold the security indicating the investment did not fit her moderate risk tolerance.

22. Respondent’s acts and practices have been in violation of Iowa Code § 502.412(4)(m) and Iowa Administrative Code 191—50.16, subjecting Respondent to denial, revocation, suspension, withdrawal, restriction, condition, or limitation of his securities agent and investment adviser registration, the imposition of a civil penalty, and an order requiring Respondent to cease and desist from engaging in such acts or practices, and an order for restitution pursuant to Iowa Code § 502.604.

IV. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code Chapter 502:

- A. Respondent's securities agent registration is hereby censured pursuant to Iowa Code § 502.412;
- B. Respondent, pursuant to Iowa Code § 502.604, shall immediately cease and desist from engaging in the acts or practices found herein;
- C. Respondent shall, contemporaneously with this Consent Order, pay restitution in the amount of \$7,000, made payable to the Iowa Insurance Division, to be distributed to Consumer R.B.; and
- D. Any unpaid penalties and other ordered monetary amounts will be referred to the State of Iowa Department of Revenue for collection.

SO ORDERED on the 5th day of September, 2018.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,



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Attorney for the Iowa Insurance Division

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ATTORNEYS FOR RESPONDENT

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on September 10, 2018.

By: () First Class Mail () Personal Service
() Restricted certified mail, return receipt (x) Email, by consent
() Certified mail, return receipt () _____

Signature: Hilary Foster
Hilary Foster

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that any person who violates this order may be subject to administrative and civil penalties pursuant to Iowa Code § 502.604. The commissioner may petition the district court to hold a hearing to enforce the order as certified by the commissioner. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

NOTICE OF FINAL ORDER IMPACT

A final order of license or registration discipline or a cease and desist order may adversely affect other existing business or professional licenses and may result in license revocation or disciplinary action.

A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this this order. It may result in criminal law enforcement authorities, including the fraud bureau of the Iowa Insurance Division, pursuing a criminal investigation or prosecution of potential criminal law violations.

CONSENT TO ORDER AND AGREEMENT

I, Damon Walker, Respondent in this matter, have read, understood, and do knowingly consent to this Order in its entirety. By executing this Consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.

I further understand that this Order is considered a final administrative action that may be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand that this Order is a public record under Iowa Code Chapter 22, which will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code § 505.8(8)(d). I also understand that this Order will be posted to the Division's website and a notation will be made to the publicly available website record that administrative action has been taken against me.

Dated: August 27, 2018

Damon D. Walker
Damon Walker, Respondent

2383 Sugar Bottom Rd NE, Solon IA 52333
Address of Signatory

Subscribed and sworn before me by Damon Walker on this 27th day of August, 2018.

Joel Hanson
Notary Public

