

TRAVIS J. ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF THE DEALER  
REGISTRATION OF PENROD  
FINANCIAL SERVICES, INC.

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**Order No. REG23-CAF-01**

TO: Donald R. Penrod, President  
Penrod Financial Services, Inc.  
P.O. Box 220  
Branson, MO 65615

### **CONSENT ORDER**

Be it remembered that Penrod Financial Services, Inc. ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and Conclusions of Law contained herein.

### **FINDINGS OF FACT**

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. Respondent is a broker-dealer with a principal place of business in Missouri. The firm has been registered in Missouri since 1989.
3. Since August 2015, Respondent has also been registered as a dealer in: Alaska, Arkansas, Connecticut, Illinois, Ohio, and Oklahoma.
4. On May 17, 2022, Respondent applied for registration with the Securities Commissioner as a dealer. This application is currently pending.

## Unregistered Activity

5. Historically, Respondent has not solicited clients in Texas. However, beginning in August 2015, certain clients relocated from Missouri to Texas, and certain other Texas residents inherited accounts from non-Texans and thereafter became clients of the Respondent.
6. During this time, Respondent relied on their Financial Operations Principal and Office Manager to identify and update registrations with state securities regulators when accounts or clients moved to a new state. This now-former employee was tasked with registering the Respondent in the state of Texas but failed to make the application filing to seek registration with the Securities Commissioner.
7. From August 2015 through June 2022, during a time when Respondent had not sought Registration with the Securities Commissioner, Respondent was the dealer for eight Texas clients.

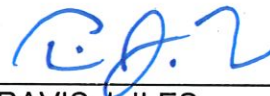
## CONCLUSIONS OF LAW

1. From August 2015 through May 2022, Respondent acted as a “dealer” in Texas as the term “dealer” is defined by Section 4001.056 of the Texas Securities Act.
2. Accordingly, Respondent violated Section 4004.051 of the Texas Securities Act by selling securities in Texas during a time when Respondent was not registered as a dealer with the Securities Commissioner.
3. Pursuant to Section 4007.105(a)(13)(A) of the Texas Securities Act, the aforementioned violation of Section 4004.051 of the Texas Securities Act constitutes a basis for the issuance of an Order reprimanding Respondent.
4. Pursuant to Section 4007.106(a)(3) of the Texas Securities Act, Respondent’s aforementioned violation of Section 4004.051 of the Texas Securities Act constitutes a basis for the assessment of an administrative fine against Respondent.

## ORDER

1. It is therefore ORDERED that the application for registration as a dealer with the Securities Commissioner is hereby APPROVED.
2. It is further ORDERED that Penrod Financial Services, Inc. is hereby REPRIMANDED.
3. It is further ORDERED that Penrod Financial Services, Inc. shall pay an ADMINISTRATIVE FINE in the amount of six thousand five hundred (\$6,500.00). Payment shall be made by delivery of a cashier’s check to the Securities Commissioner in the amount of six thousand five hundred (\$6,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 16<sup>th</sup> day  
of February, 2023.



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TRAVIS J. ILES  
Securities Commissioner

Respondent:



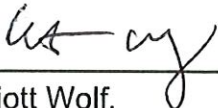
Penrod Financial Services, Inc.  
By: Donald R. Penrod,  
President

Approved as to Form:



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Clinton Edgar,  
Deputy Securities Commissioner



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Elliott Wolf,  
Staff Attorney  
Registration Division