

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of)	
)	FINDINGS OF FACT
First Kentucky Securities Corporation)	CONCLUSIONS OF LAW
377 East Main Street)	AND
Lexington, Kentucky)	CONSENT ORDER
)	
CRD #7524)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2012; Cum. Supp. 2014) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the Department has investigated the acts of First Kentucky Securities Corporation, 377 East Main Street, Lexington, Kentucky (“First Kentucky”), CRD #7524. As a result of such investigation, and being fully advised and informed in the matter, the Director and First Kentucky enter into the following Findings of Fact, Conclusions of Law and Consent Order (“Order”).

FINDINGS OF FACT

1. First Kentucky is a corporation organized pursuant to the laws of Kentucky. At all times relevant hereto, First Kentucky was not registered as a broker-dealer in Nebraska.
2. On August 19, 2015, First Kentucky filed an application for registration as a broker-dealer in Nebraska through the Central Registration Depository (“CRD”).
3. As part of its application, First Kentucky submitted to the Department an “Affidavit of Broker Dealer Activity in Nebraska” (affidavit”) in which it attested that it had not conducted broker-dealer activity in Nebraska.

4. As part of its review of the application, the Department contacted RBC Capital (“RBC”), First Kentucky’s clearing broker. According to information supplied by RBC, First Kentucky had accounts for multiple Nebraska residents. First Kentucky conducted ten trades in 2014 and eight trades in 2015 for these Nebraska residents.

5. First Kentucky has represented to the Department that its clearing broker had not notified them of the Nebraska trades. Thus, First Kentucky was unaware of the trades at the time it completed the affidavit.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 8-1101(2) (Cum. Supp. 2014) defines broker-dealer as “any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account.”

2. Neb. Rev. Stat. § 8-1103(1) (Reissue 2012) provides that it shall be unlawful for any person to transact business in this state as a broker-dealer unless registered or exempt from registration under the Act.

3. The facts set forth in Findings of Fact Nos. 1 through 4 constitute First Kentucky acting as a broker-dealer without registration, in violation of Neb. Rev. Stat. § 8-1103(1). Each trade constitutes a separate violation of the Act.

4. Neb. Rev. Stat. § 8-1113 (Reissue 2012) prohibits any person from making or causing to be made, in any document filed with the Department, any statement which is, at the time and in the light of the circumstances which it is made, inaccurate in any material aspect.

5. The facts set forth in Findings of Fact No. 3 and 4 constitute First Kentucky making a statement that was inaccurate in a document filed with the Department.

6. Neb. Rev. Stat. § 8-1108.01(4) (Reissue 2012) provides that the Director may, after giving reasonable notice and an opportunity for a hearing under this section, impose a fine not to exceed twenty-five thousand dollars per violation, in addition to costs of the investigation, upon any person found to have engaged in any act or practice which would constitute a violation of the Act or any rule, regulation, or order issued under the Act.

7. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

8. It is in the best interest of First Kentucky, and it is in the public's best interest, for First Kentucky and the Director to mutually resolve the issues included herein.

STIPULATIONS

In connection with this Consent Order, First Kentucky and the Director stipulate to the following:

1. The Department has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters between the Department and First Kentucky in connection with the Findings of Fact listed above. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the Department.

First Kentucky further represents as follows:

1. First Kentucky is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. First Kentucky is acting free from any duress or coercion of any kind or nature.

3. This Consent Order is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Order and for no other purpose.

CONSENT ORDER

IT IS THEREFORE ORDERED as follows:

1. Within ten days after the effective date of this Consent Order, First Kentucky shall pay a fine of Two Thousand Five Hundred Dollars (\$2,500.00) for its violations of Neb. Rev. Stat. § 8-1103(1) by acting as a broker-dealer without registering with the Department.

2. Within ten days after the effective date of this Consent Order, First Kentucky shall pay a fine of Five Thousand Dollars (\$5,000.00) for its violation of Neb. Rev. Stat. § 8-1113 by providing inaccurate information to the Department.

3. Within ten days after the effective date of this Consent Order, First Kentucky shall pay the investigation costs of the Department in the amount of One Thousand Dollars (\$1,000.00).

4. The total amount of the fines and investigation costs, Eight Thousand Five Hundred Dollars (\$8,500.00), shall be paid by one check payable to the Department within ten days after the effective date of this Consent Order.

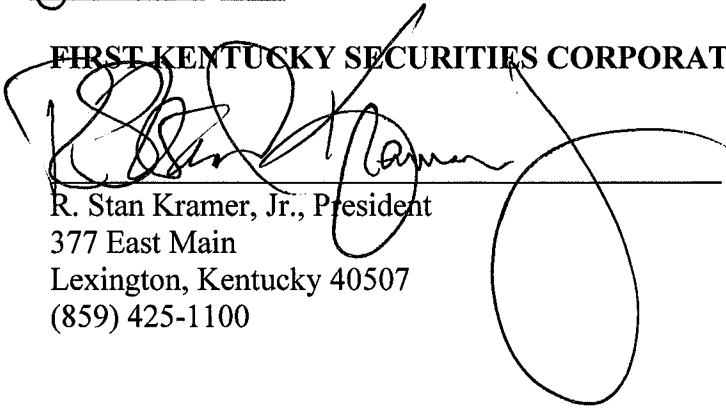
5. First Kentucky's application for registration as a broker-dealer shall be approved on January 4, 2016, or five days after the Department's receipt of such fine, whichever is later. Such registration shall expire on December 31, 2016, pursuant to Neb. Rev. Stat. § 8-1103 (Reissue 2012), unless renewed.

6. In the event First Kentucky fails to comply with any of the provisions of this Consent Order, the Department may commence such action regarding First Kentucky as it deems necessary and appropriate in the public interest.

7. The effective date of this Consent Order shall be the date of the Director's signature.

DATED this 29th day of December 2015

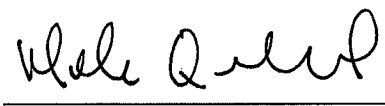
FIRST KENTUCKY SECURITIES CORPORATION



R. Stan Kramer, Jr., President
377 East Main
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(859) 425-1100

DATED this 6 day of January, 2016

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: 

Mark Quandahl, Director

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