



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2022-AH-0020

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC.
d/b/a/ UNITED PENTECOSTAL CHURCH LOAN FUND

RESPONDENTS

AGREED ORDER

FACTUAL BACKGROUND

1. The Kentucky Department of Financial Institutions (the "Department") is responsible for administering the provisions of Kentucky Revised Statutes ("KRS") Chapter 292, the Securities Act of Kentucky ("the Act"), as well as the rules and regulations enacted thereunder and any orders entered pursuant to the Act.

2. Respondent United Pentecostal Church Development Fund, Inc. d/b/a United Pentecostal Church Loan Fund (the "Fund") is a church extension fund associated with the United Pentecostal Church International and is a Missouri non-profit corporation.

3. On May 23, 2019, the Department received notice from the Fund's counsel of the Fund's intent to offer its investment certificates for sale in Kentucky pursuant to an exemption from registering those certificates as securities under KRS 292.400(9) and 808 Kentucky Administrative Regulations ("KAR") 10:170.

4. On May 30, 2019, the Department responded to the Fund's counsel indicating the Department did not plan to take action to deny the Fund's exemption claim and that, pursuant to KRS 292.415, the exemption would remain effective for twelve months from May 30, 2019.

5. On June 23, 2021, the Department again received notice from the Fund's counsel of the Fund's intent to sell its investment certificates in Kentucky pursuant to a claim of exemption under KRS 292.400(9).

6. Through subsequent investigation, the Department discovered that the Fund had made eleven sales of its investment certificates to ten Kentucky-resident investors during the period from June 1, 2020 (when its prior exemption expired) to April 29, 2021.

7. The Department has no record of the Fund registering with the Department or filing a claim of exemption from registration, as required under the Act, during the period from June 1, 2020 to April 29, 2021.

8. The Department therefore determined that the Fund has offered and sold securities in Kentucky in violation of the Act on eleven occasions during the period from June 1, 2020 to April 29, 2021.

STATUTORY AUTHORITY

9. KRS 292.310(19) defines a "security" to include "any note, . . . bond, debenture, [or] evidence of indebtedness."

10. KRS 292.340 states "[i]t is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security."

11. KRS 292.400 states, in relevant part, that

KRS 292.340 to 292.390 shall not apply to any of the following:

...

(9) Any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, charitable, fraternal, social, athletic, or reformatory purposes, or as a chamber of commerce or trade or professional association[.]

12. However, pursuant to KRS 292.415(1), “[b]efore any security may be issued as an exempt security under KRS 292.400(9) . . . , a claim of exemption must first be filed with the commissioner and the commissioner by order shall not have determined that the exemption is unavailable within the next ten (10) full business days[.]” and “each offering [under such claim of exemption] shall be effective for a maximum of twelve (12) consecutive months unless the commissioner by rule or order extends such period of time, not to exceed five (5) years.”

13. KRS 292.470 states, in pertinent part,

Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies: . . .

(3) Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

- (a) To cease and desist from the activity;
- (b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or
- (c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

14. KRS 292.500(14) states, in pertinent part,

The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation[.] . . . Each act or transaction which violates this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation.

CONCLUSIONS OF LAW

15. The Commissioner finds that the Fund's investment certificates constitute securities.
16. The Commissioner further finds that the Fund's earlier claim of exemption pursuant to KRS 292.400(9) expired on June 1, 2020.
17. The Commissioner further finds that, in offering and selling securities in Kentucky, where such sales and such securities were neither registered with the Department nor properly exempted from registration under the Act, the Fund violated KRS 292.340.

AGREEMENT AND ORDER

18. To resolve this matter without litigation or other adversarial proceedings, the Department and the Fund agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.
19. In the interest of economically and efficiently resolving the violations described herein, the Department and the Fund hereby agree as follows:
 - a. The Fund agrees to pay a civil fine in the amount of **two-thousand, seven-hundred-fifty dollars (\$2,750.00)** for the violations described herein, which shall be due and payable upon the entry of this Agreed Order;
 - b. All payments under this Agreed Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondents, or be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of

Financial Institutions, Securities Division, 2022-AH-0020, 500 Mero Street, 2 SW 19. Frankfort, Kentucky 40601.

- c. The Fund shall client send a formal notice, with a copy of this executed Agreed Order attached, to each of the ten affected Kentucky investors, in a form not objectionable to the Department, that offers each Kentucky investor the right to elect to rescind their respective purchases and to receive, within thirty days of acceptance of such offer, a return of the principal amount the investor paid; and

- d. The Fund shall cease and desist from any further violations of the Act.

20. The Fund waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Agreed Order.

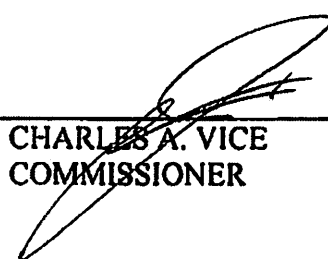
21. The Fund consents to and acknowledges the jurisdiction of the Department over this matter and recognizes that this Agreed Order is a matter of public record and may be disseminated as such.

22. In consideration of the execution of this Agreed Order, the Fund for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, the Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known and unknown, in law or equity, that the Fund ever had, now has, may have, or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement, or its administration.


23. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

24. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 11th day of August, 2022.



CHARLES A. VICE
COMMISSIONER



Justin M. Burse

Consented to:

On behalf of the Department of Financial Institutions,

This 10th day of August, 2022.

Marni Rock Gibson

Director, Division of Securities
Department of Financial Institutions

Consented to:

On behalf of Respondent United Pentecostal Church Development Fund, Inc.

This 10th day of August, 2022.

Randy K. Steens

Authorized Representative for United Pentecostal
Church Development Fund, Inc.

ACKNOWLEDGEMENT

STATE OF FLORIDA)

COUNTY OF HILLSBOROUGH)

On this the 10th day of AUGUST, 2022, before me RANDY K. STEENS

The undersigned, KAREN DILLON, personally appeared and acknowledged

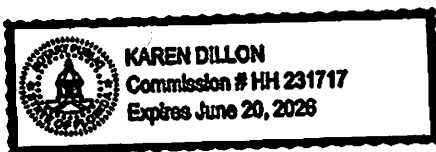
himself/herself and did enter into and execute the foregoing instrument for the purposes
contained therein.

In witness whereof I hereunto set my hand.

My commission expires: 6/20/26

Karen Dillon

Notary Public



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Agreed Order was sent on this the 11 day of August, 2022, by certified mail, return receipt requested, to the following:

Hon. Randy K. Sterns
Bush Ross, P.A.
1801 North Highland Avenue
Tampa, Florida 33602-2656
Counsel for Respondent United Pentecostal Church Development Fund, Inc.

AND BY HAND DELIVERY TO:

Commissioner
Department of Financial Institutions
500 Mero Street
2 SW 19
Frankfort, Kentucky 40601

Department of Financial Institutions

Name: Allison Reed, by Victoria Word

Title: Executive Staff Adviser