

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2020—AH—00032

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

LEAD POINT WEALTH MANAGEMENT, LLC; and
DARRELL SCOTT POPE

RESPONDENTS

PARTIES

1. The Kentucky Department of Financial Institutions (DFI, or 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.

2. Lead Point Wealth Management, LLC (“Lead Point” or the “Company”) is a Kentucky limited liability company with a registered principle office at 714 Lyndon Lane, Suite 12, Louisville, Kentucky 40222. Lead Point’s registered agent is Darrell Pope, who is registered at the same address. Lead Point’s CRD number is 282824.

3. Darrell Scott Pope (“Pope”) is a citizen of the Commonwealth, with a residential address of 8817 Wisdom Lane, Louisville, Kentucky 40229. Pope is also the managing member of Lead Point, and has served in this role since the Company’s formation. Pope’s CRD number is 4596113.

STATEMENT OF FACTS

4. Lead Point and Pope initially applied for registration with the Department as an investment adviser and investment adviser representative, respectively, on February 2, 2016. In reviewing this application, the Department requested that Pope provide an explanation of the facts that lead to his termination by US Bancorp on December 4, 2015. The facts and circumstances

disclosed to the Department during this application process form the basis for the statements and violations herein.

5. The Department received a response from Pope on February 12, 2016, in which Pope described an elaborate scheme intended to broker the sale of a sum of Iraqi dinars through a limited liability company ("JMaria") owned by Pope's wife, which occurred while he was employed as a broker-dealer agent with US Bancorp Investments, Inc. ("US Bancorp"). Pope explained that he had no direct involvement in the scheme, and that he simply helped to put US Bancorp customers in touch with his wife, who intended to handle this sale through her company.

6. When this scheme proved fruitless, the customers involved in the scheme filed a complaint with US Bancorp, which lead to Pope's termination. US Bancorp notified the Financial Industry Regulatory Agency (FINRA) of Pope's termination, and FINRA conducted its own investigation of these facts.

7. Ultimately, Pope signed an Acknowledgement, Waiver, and Consent letter (AWC) with FINRA, in which he admitted to being materially involved in the scheme described above. Notably, the findings made by FINRA in the AWC letter and in a related Form U-6 filing indicate that Pope was materially involved in these attempts to sell dinars. Specifically, FINRA determined that Pope attempted to secure a buyer for ten (10) sellers of Iraqi dinar in anticipation of a finder's fee.

8. Further, FINRA found that Pope had violated Rule 3270 and Rule 2010 when he engaged in the conduct described above. Pope violated Rule 3270 when he failed to provide prior written notice to US Bancorp before engaging in this outside business activity, and he violated Rule 2010 when he failed to observe the high standards of commercial honor and just and equitable principles of trade required of FINRA members.

9. Two Form U-4s were submitted by Pope during his employment with US Bancorp which failed to disclose his outside business activity with JMaria; the first was filed on October 6, 2015, and the second on November 16, 2015. Subsequently, after his termination by US Bancorp, Pope applied for registration as an investment adviser representative with Lead Point. Amended Form U-4 filings were made with the Department on October 9, 2017, and June 21, 2018.

STATUTORY AUTHORITY

10. Under KRS 292.440, "It is unlawful for any person to make or cause to be made, in any document filed with the commissioner or the commissioner's designee or in any proceeding under this chapter, any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect."

11. KRS 292.470 states in part that: "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).”

12. Pursuant to KRS 292.500(14), “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...”

VIOLATIONS

13. Pope made three false and misleading statements in his filings with the Department, each of which constitutes a separate violation of KRS 292.440:

- A. First, when he filed a Form U-4 on November 16, 2015, that did not disclose JMaria as an outside business activity;
- B. Second, when he filed another Form U-4 on October 6, 2016, and again failed to make this disclosure; and
- C. Third, when he provided a misleading description of his AWC letter with FINRA in a Form U-4 on October 9, 2017.

14. Pope made an additional misleading statement to the Department on behalf of Lead Point on February 12, 2016, when he provided a misleading account of the events described above. As this statement was provided as a part of Lead Point’s application to register Pope as an investment adviser representative, it constitutes a violation of KRS 292.440 by Lead Point.

AGREEMENT AND ORDER

15. To resolve this matter without litigation or other adversary proceedings, DFI and the Respondents agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

16. In the interest of economically and efficiently resolving the violations described herein, DFI and Respondents hereby agree as follows:

- a. Respondents agree to pay a civil fine in the amount of **ten thousand dollars (\$10,000)** for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;
- b. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondents, or a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2020-AH-0032, 500 Mero Street 2SW19, Frankfort, Kentucky 40601;
- c. Lead Point's registration as an investment adviser will be suspended for a period of two (2) months following the entry of this Agreed Order;
- d. Pope's registration as an investment adviser representative will be suspended for a period of two (2) months following the entry of this Agreed Order;
- e. Lead Point and Pope will be subject to a six (6) month period of heightened supervision immediately following the end of their suspensions;
- f. Lead Point and Pope shall execute and abide by the terms of the continuity plan which has been previously approved by the Department (attached as Exhibit 1), and the heightened supervision plan which has also been previously approved by the Department (attached as Exhibit 2); and
- g. Respondents shall cease and desist from any future violations of the Act.

17. Respondents waive their right to demand a hearing at which they would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on their own behalf, or to otherwise appeal or set aside this Agreed Order.

18. Respondents consent to and acknowledges the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

19. In consideration of execution of this Agreed Order, Respondents for themselves, and for their successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, 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 Respondents ever had, now have, 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.

20. 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.

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

IT IS SO ORDERED on this the 29th day of January, 2021

/S/ Charles A. Vice

CHARLES A. VICE
COMMISSIONER

Charles A. Vice

Digitally signed by: Charles A. Vice
DN: CN = Charles A. Vice email = Charles.
Vice@ky.gov C = US O = KY DFI OU =
Commissioner's Office
Date: 2021.01.29 15:32:26 -05'00'

Consented to:

On behalf of the Department of Financial Institutions,

This 29th day of January, 2020.

Mauri Roch Gibbs
Director, Division of Securities
Department of Financial Institutions

AND

On his own behalf and on behalf of Lead Point Wealth Management, LLC,

This 29 day of JANUARY, ²⁰²¹ ~~2020~~.

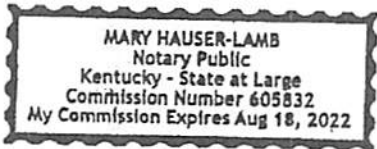
Darrell Scott Pope
Respondent and Agent for Lead Point Wealth Management, LLC

ACKNOWLEDGEMENT

STATE OF Kentucky)
)
COUNTY OF Jefferson)

On this the 29th day of January, 2020, before me Darrell Scott Pope
Darrell Scott Pope personally appeared and acknowledged himself to be the Respondent named herein and a duly authorized representative of **Lead Point Wealth Management, LLC**, and acknowledged that he entered into and executed the foregoing instrument for the purposes therein contained.

My Commission Expires: August 18, 2022



Mary Hauser-Lamb
Notary Public

CERTIFICATE OF SERVICE

I, Allison Reed, hereby certify that a copy of the foregoing Administrative Complaint was sent on this the 4 day of February, 2020, by certified mail, return receipt requested, to the following:

Lead Point Wealth Management, LLC
714 Lyndon Lane, Suite 12
Louisville, Kentucky 40222
RESPONDENT

Darrell Scott Pope
8817 Wisdom Lane
Louisville, Kentucky 40229
RESPONDENT, AND AGENT FOR LEAD POINT WEALTH MANAGEMENT, LLC

Michael T. Leigh
Kaplan Johnson Abate & Bird
710 West Main Street, 4th Floor
Louisville, Kentucky 40202
COUNSEL FOR RESPONDENTS

AND BY HAND DELIVERY TO:

Stuart Michael
Department of Financial Institutions
500 Mero Street 2SW19
Frankfort, KY 40601
COUNSEL FOR DEPARTMENT OF FINANCIAL INSTITUTIONS


Department of Financial Institutions