



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2021—AH--0011

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

MARK FALLON KREGOR

RESPONDENT

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. Mark Fallon Kregor (“Kregor”) is a Kentucky citizen, a registered broker-dealer agent and a registered investment adviser representative with the Department under Stifel, Nicolaus & Company, Inc. out of its branch office in Louisville, Kentucky. Kregor’s CRD number is 2403684.

STATEMENT OF FACTS

3. On August 6, 2018, the Department received information regarding an arbitration case filed with the Financial Industry Regulatory Authority (FINRA) that concerned trading activity Kregor engaged in while employed with J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”). In the Statement of Claim, the Claimant alleged that Kregor made unsuitable trades in an account of a client who was more than seventy (70) years old.

4. After becoming aware of Kregor’s case with FINRA, the Department conducted an investigation into Kregor and his trading activity at Hilliard Lyons. This investigation was further supplemented by a compliance examination of Hilliard Lyons’ office in Louisville, Kentucky, as well as an in-person interview with Kregor in August of 2018.

5. Between 2015 and 2019, seven customers made written complaints against Kregor, all of which included allegations that Kregor offered or sold unsuitable investments to his clients. These complaints alleged that Kregor offered and sold unsuitable investments, including penny stocks and investments in business development companies, to his clients, resulting in a loss to the clients. In total, the seven complaints against Kregor claimed a total of two million, eight hundred and six thousand, six hundred and forty-four dollars (\$2,806,644.00) in losses due to these alleged high-risk investments. Kregor denied these allegations. Hilliard Lyons and Kregor settled each of these complaints. Kregor did not admit any liability or wrongdoing in the settlements.

6. In its investigation, the Department alleged that between 2013 and 2015, Kregor offered and sold high concentrations of high-risk investments to several of his clients where those clients had indicated a moderate risk tolerance in their portfolios.

7. Specifically, the Department alleges that from 2013 to 2015, Kregor offered and sold these high-risk investments at an unsuitable rate of between twenty-three percent (23%) and sixty-one percent (61%) of a client's account value where that client's investment objectives showed only a moderate risk tolerance. For clients with a moderately aggressive risk tolerance, Kregor is alleged to have offered and sold these investments at an even higher rate between twenty-two percent (22%) and one hundred and two percent (102%) of the client's account value.

8. Kregor denies these allegations.

STATUTORY AUTHORITY

9. Under 808 KAR 10:030 § 2, "A broker-dealer, agent, investment adviser, or investment adviser representative who recommends to a customer the purchase, sale or exchange of a security shall have reasonable grounds to believe that the recommendation is not unsuitable for the customer on the basis of:

- (1) Information furnished by the customer after reasonable inquiry concerning the customer's investment objectives, financial situation and needs; and
- (2) Other information known by the broker-dealer, agent, investment adviser or investment adviser representative.”

10. 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).”

11. 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

12. The Department alleged that Kregor violated 808 KAR 10:030 § 2 when he recommended that seven (7) of his clients purchase high-risk investments in high concentrations when this advice was contrary to the clients' stated investment objectives.

13. Kregor has not admitted and does not admit by execution of this Agreed Order, that he violated any applicable statute or regulation.

AGREEMENT AND ORDER

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

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

- a. Respondent agrees to pay a civil fine in the amount of **thirty-two thousand dollars (\$32,000)** for the alleged 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 Respondent, or a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2021-AH-0011, 500 Mero Street 2SW19, Frankfort, Kentucky 40601;
- c. Kregor's registrations with the Department as a broker-dealer agent and an investment adviser representative shall be suspended for a period of one (1) month following the entry of this Order; and
- d. Respondent shall cease and desist from any future violations of the Act.

16. Respondent waives his right to demand a hearing at which he 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.

17. Respondent consents 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.

18. In consideration of execution of this Agreed Order, Respondent for himself, and for his 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.

19. 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.

20. Nothing in this Consent Order shall be interpreted as causing the registered person to be "statutorily disqualified" as that phrase is defined by FINRA.

IT IS SO ORDERED on this the 15th day of September, 2021.

**Charles
A. Vice**

Digitally signed by:
Charles A. Vice
DN: CN = Charles A. Vice
email = charles.vice@ky.
gov C = US O = Dept. of
Financial Institutions OU
= PPC/DFI/Commissioner
Date: 2021.09.15 08:39:
49 -05'00'

/s/ Charles A. Vice

CHARLES A. VICE
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 14th day of September, 2021.

**Marni Rock
Gibson**

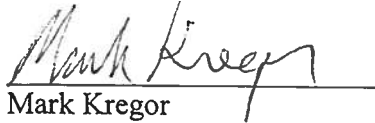
Digitally signed by Marni Rock
Gibson
DN: CN = Marni Rock Gibson email
= /marni.gibson@ky.gov C = US
Date: 2021.09.14 20:18:06 -0400

Director, Division of Securities
Department of Financial Institutions

AND

On his own behalf,

This 14 day of September, 2021.



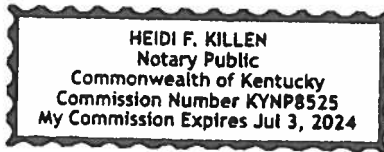
Mark Kregor
Respondent

ACKNOWLEDGEMENT

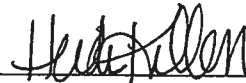
STATE OF KY)
)
COUNTY OF Jefferson)

On this the 14 day of September, 2021, before me Mark Kregor,

Mark Kregor personally appeared and acknowledged himself to be the Respondent named herein, and acknowledged that he entered into and executed the foregoing instrument for the purposes therein contained.



My Commission Expires: _____



Notary Public

CERTIFICATE OF SERVICE

I, Mary Johnson, hereby certify that a copy of the foregoing Administrative Complaint was sent on this the 15th day of September, 2021, by certified mail, return receipt requested, to the following:

Mark Fallon Kregor
1225 Augusta Dr.
Shelbyville, KY 40065
RESPONDENT

Dentons Bingham Greenebaum, LLP
3500 PNC Tower
101 S. 5th Street
Louisville, KY 40202
COUNSEL FOR RESPONDENT

AND BY HAND DELIVERY TO:

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

Kentucky Department of Financial Institutions

Name: Mary Johnson

Title: Executive Admin Secretary