

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2019-AH-00031



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

NATIONAL ALLIANCE SECURITIES, LLC

RESPONDENT

FACTUAL BACKGROUND

1. The Kentucky Department of Financial Institutions (“DFI”) is responsible for administering the provisions of Kentucky Revised Statutes (“KRS”) Chapter 292, the Securities Act of Kentucky (“the Act”), as well as any applicable rules and regulations enacted thereunder.

2. National Alliance Securities LLC, (“NAS”), is a broker-dealer registered with DFI under CRD # 39455, with a principal business address of 111 Congress Avenue, Suite 800, Austin, TX 78701. NAS employed Robert S. Clarke (“Clarke”) as a broker-dealer agent, CRD# 735940, at a Union, Kentucky office location.

3. On July 19, 2017, NAS submitted a registration application for Clarke. DFI held Clarke’s registration in a “pending” status based on complaints previously filed against Clarke related to activity at prior broker-dealers. Clarke’s registration was eventually approved with conditions, effective on January 26, 2018.

4. On August 13, 2018, DFI conducted a routine compliance examination of NAS’ branch office in Union, Kentucky. During the examination, DFI discovered that Clarke placed trades in customer accounts prior to the approval of the registration with conditions. In addition,

DFI discovered that NAS paid commissions to Clarke for these trades although NAS knew Clarke's registration was pending and had not been approved during the time frame the trades were placed.

5. Based upon the facts, as set forth in paragraphs three (3) and four (4), DFI has sufficient grounds to allege violations of 808 Kentucky Administrative Regulation (KAR) 10:440 Section 1 (26). The regulation requires parties to refrain from entering into an agreement for a commission as consideration for a service in connection with the sale of a security in Kentucky with a broker-dealer agent who is not registered in Kentucky or exempt from registration.

6. The DFI possesses a range of administrative authority in addressing compliance with the Act, including the ability to enter into Agreed Orders.

7. To resolve this matter without litigation or adversarial proceedings, the DFI and NAS agree to compromise and settle all claims arising from the above-referenced factual background, without NAS admitting to any of the facts herein, in accordance with the terms set forth herein.

ACTIONS FOR COMPLIANCE AND SETTLEMENT

The DFI and NAS, in the interest of economically and efficiently resolving this matter, agree as follows:

8. NAS shall review its written supervisory procedures and policies to ensure they are reasonably designed to detect and prevent violations of the Act and the regulations set forth in 808 Kentucky Administrative Regulation Chapter 10.

10. NAS 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 behalf, or to otherwise appeal or set aside this Agreed Order.

11. NAS consents to and acknowledges the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.

12. The terms of this Agreed Order do not constitute an admission by NAS.

13. In consideration of the execution of this Agreed Order, NAS for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the 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 NAS 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 settlement.

14. NAS agrees to pay a fine in the amount of Three Thousand dollars (\$3,000.00) as full settlement of this matter.

15. NAS agrees to pay the fine no later than the effective date of the Agreed Order, which shall be in the form of a certified check or money order made payable to the "Kentucky State Treasurer" and mailed to the "Department of Financial Institutions, Securities Division, 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601 re: NAS Agreed Order". Failure to do so shall render the agreement void.

16. 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. This Agreed Order shall constitute the final resolution of this matter.

AGREED on this the 14th day of November, 2019.

Walter R. Gibson, Deputy Commissioner
CHARLES A. VICE
COMMISSIONER *for Charles A. Vice*

Consented to:

This 13 day of November, 2019. ^{CH}

Chad K. Harlan
Chad Harlan, Director
Division of Securities
Department of Financial Institutions

AND

This 1 day of November, 2019

Mark Salter CEO
Representative
National Alliance Securities, LLC

ACKNOWLEDGEMENT

STATE OF Texas)
)
COUNTY OF Travis)

On this the 1 day of November, 2019, before me Mark Salter, the undersigned, CEO of National Alliance Securities did personally appear and acknowledge himself/herself to be the authorized representative of the National Alliance Securities, LLC and that being authorized to do so did enter into and execute the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 11/13/2023



Michelle Ellis
Notary Public

Certificate of Service

I, Allison Reed, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 15 day of ~~November~~ 2019, by first class mail to:

National Alliance Securities, LLC
111 Congress Avenue, Suite 800
Austin, TX 78701
Attn: Chief Compliance Officer

Ronak V. Patel, Attorney
401 Congress Avenue, Suite 2100
Austin, TX 78701
rvpatel@winstead.com

hand delivered to:

Catherine Falconer, Asst. General Counsel
Kentucky Department of Financial Institutions
1025 Capitol Center Drive, Suite 200
Frankfort, KY 40601

Allison Reed
KY Department of Financial Institutions
Name: Allison Reed
Title: executive staff advisors