



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
ADMINISTRATIVE AGENCY ACTION NO. 2015-AH-00132

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

**FINAL ORDER**

ROBERT LINCOLN WILLIAMSON, II

RESPONDENT

This matter is before the Commissioner of the Department of Financial Institutions ("DFI"), pursuant to KRS 292.470, and 808 KAR 10:225. The Commissioner hereby enters this **Final Order** against Robert Lincoln Williamson, II ("Williamson") and Orders Respondent to immediately **CEASE AND DESIST** from engaging in all securities activities in Kentucky.

**STATEMENTS OF FACTS**

1. 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, regulations and orders entered pursuant to the Act.

2. During all relevant times Williamson was licensed by the Kentucky Department of Insurance as an insurance agent affiliated with The Elite Agency, Inc. Williamson's last known address is 1020 Rose Lane, Louisa, Kentucky 41230.

3. United Salons, LLC ("United Salons") was a Kentucky limited liability company whose principal office was located at 3067 Richmond Road, Lexington, KY 40509. United Salons was administratively dissolved on September 28, 2013.

4. Williamson was the owner, operator, manager, and registered agent for United Salons.

5. In 2011 and 2012 Williamson approached J.M.B and B.L.B who had previously invested their retirement savings in variable insurance contracts through Williamson. Williamson represented to J.M.B. and B.L.B. that by transferring their interests into an investment of "private bonds" referred to as "United" that they could increase their rate of return on investment to an annual percentage rate of between 5% and 10%. Based upon the representations and recommendations of Williamson, J.M.B. and B.L.B. divested their interests in other insurance contracts and executed checks payable to "United". Williamson never made any representation that "United" was connected or related to United Salons. Nevertheless, Williamson altered the checks issued by J.M.B. and B.L.B. to add the word "Salons". The checks were subsequently deposited in United Salons' bank account, where Williamson converted the funds to his own personal enrichment. J.M.B. and B.L.B. invested \$338,755.00 with Williamson.

6. Upon information and belief, during the period of 2011 through June 20, 2013, Williamson utilized the same type of misrepresentations identified in paragraph 5 above with other insurance clients and investors. Williamson

called himself a "financial advisor" and sold the fraudulent "private bonds" identified in Paragraph 5 above to the following investors in these amounts:

	<u>Investors</u>	<u>Investment Amount</u>
a.	B.W.B.	\$41,607.00
b.	B.B.	\$90,000.00
c.	J.M.	\$35,000.00
d.	J.L. & J.L.	\$61,973.00
e.	C.S.	\$100,000.00
f.	K.B.	\$92,093.00
g.	B.W. & G.W.	\$76,000.00
h.	B.R. & S.R. & R.J.	\$152,500.00
i.	D.J.	\$41,607.00
j.	E.D.	\$60,000.00

7. Upon information and belief, Williamson made the same type of misrepresentations to other investors, not identified in paragraphs 5 and 6 above, who also invested with Williamson in the United Salons' "private bonds". DFI investigators obtained United Salons' bank records showing Williamson making possible "interest" payments but the DFI does not have documentation as to the amount(s) invested and the timing of the investment(s).

8. Williamson utilized investor's money to pay interest to earlier investors and his own personal enrichment.

9. United Salons' "private bonds" were never registered with the DFI.

10. Williamson was indicted by the Grand Jury of the Fayette Circuit Court on November 17, 2014 on nineteen (19) counts of Theft by Failure to Make Required Disposition and seventeen (17) counts of Theft by Deception. The Indictment is directly related to the investments made with Williamson.

11. On November 17, 2014, an Indictment Warrant was issued against Williamson by the Fayette Circuit Court and Williamson remains a fugitive from justice.

12. On August 3, 2015, the DFI filed an Administrative Complaint against Respondent seeking the imposition of a cease and desist order for his violations of the Act. The Administrative Complaint contained a notice that a written answer with a request for a hearing must be filed with the DFI within twenty (20) days of service of the Administrative Complaint.

13. On August 3, 2015, the Administrative Complaint was sent via certified mail, return receipt requested, postage prepaid, to Robert Lincoln Williamson, III at his last known address: 1020 Rose Lane, Louisa, KY 41230.

14. The DFI did not receive the return of PS Form 3811 (green card showing delivery) or the envelope containing a copy of the Administrative Complaint sent by certified mail, return receipt requested, postage prepaid, to Williamson on August 3, 2015.

15. On November 13, 2015, the DFI filed an Amended Administrative Complaint against Respondent seeking the imposition of a cease and desist order, restitution, civil fine and costs for his violations of the Act. The Amended Administrative Complaint contained a notice that a written answer with a request

for a hearing must be filed with the DFI within twenty (20) days of service of the Amended Administrative Complaint.

16. On November 13, 2015, the Amended Administrative Complaint was sent via certified mail, return receipt requested, postage prepaid, to Robert Lincoln Williamson, III at his last known address: 1020 Rose Lane, Louisa, KY 41230.

17. The envelope containing a copy of the Amended Administrative Complaint sent by certified mail, return receipt requested, postage prepaid, to Williamson, was returned to the DFI by the United States Post Office on November 30, 2015 and labeled "REFUSED".

18. More than twenty (20) days have passed since the envelope containing the Amended Administrative Complaint sent by certified mail, return receipt requested, postage prepaid, to Williamson was returned to the DFI. Williamson has not filed a written answer to the Amended Administrative Complaint or requested a hearing.

#### **STATUTORY AUTHORITY**

19. Pursuant to KRS 292.340, "[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."

20. Pursuant of KRS 292.320(1)(b), it is unlawful for a person, in connection with the offer or sale of a security, directly or indirectly, "to make an

untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading, ....”

21. KRS 292.470(3) authorizes the DFI's commissioner to issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person that has engaged in activity that constitutes a violation of the Act to cease and desist from the activity, to perform any other reasonable mandates directed by the commissioner, and pay fines and costs.

22. 808 KAR 10:225 Section 2(3) states that if a written answer to the Administrative Complaint is not filed with the DFI, counsel for the DFI shall seek a final order granting the relief requested in the Administrative Complaint.

### **CONCLUSIONS OF LAW**

23. The “private bonds” of “United” or United Salons offered and sold by Williamson and as described herein are securities as defined by the Act, and specifically at KRS 292.310(19).

24. The “private bonds” of “United” or United Salons were not exempt from the registration requirements of the Act.

25. Respondent violated KRS 292.340 by offering to sell and selling securities in “United” or United Salons even though the securities were not registered, exempt from registration, or covered securities.

26. Respondent, directly or indirectly, violated KRS 292.320 by representing that the investment in "private bonds" were a legitimate investment when in fact most of the funds raised were used to pay interest to earlier investors or for his own personal enrichment.

27. Service of the Amended Administrative Complaint on Williamson was completed on November 30, 2015 pursuant to KRS 13B.050(2). Williamson did not file a written answer or otherwise request a hearing. Therefore it is appropriate to enter this Final Order thereby granting the relief requested in the Amended Administrative Complaint.

### **ORDER**

Based upon the foregoing Statements of Facts, Statutory Authority and Conclusions of Law, the Commissioner hereby **ORDERS**:

1. The Respondent, Robert Lincoln Williamson, II shall **CEASE AND DESIST** from violating KRS 292.340 by offering or selling "private bonds" in "United", United Salons, or any other unregistered security into, within, or from the Commonwealth of Kentucky.

2. The Respondent, Robert Lincoln Williamson, II shall **CEASE AND DESIST** from violating KRS 292.320 by making untrue statements of material fact in connection with the offer, sale, or purchase of "private bonds" in "United", United Salons, or any other security into, within, or from the Commonwealth of Kentucky.

3. The Respondent, Robert Lincoln Williamson, II shall **CEASE AND DESIST** from committing or causing any other violations of and any future violations of the Act.

4. The Respondent, Robert Lincoln Williamson, II shall make full restitution, in the amount of \$1,089,535.00, to the above identified investors, and an as of yet unidentified amount to all as of yet unidentified investors who present sufficient evidence as to the time and amount of investment(s).

5. The Respondent, Robert Lincoln Williamson, II shall pay a fine of \$110,000.00.

6. Nothing in this Order shall prevent the DFI or any other authority from taking any further administrative or enforcement action under the Act or any other applicable law.

7. This is a **FINAL AND APPEALABLE ORDER**. The **EFFECTIVE DATE** of this Order shall be the date reflected on the certificate of service attached to this Order.

So ORDERED this 4<sup>th</sup> day of January, 2016.

  
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CHARLES A. VICE  
COMMISSIONER



**NOTICE OF APPEAL RIGHTS**

**Pursuant to KRS 292.490, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you chose to appeal, you must file a written petition asking that the order be modified or set aside in whole or in part in the Franklin Circuit Court within thirty (30) days after the date reflected on the certificate of service below. A copy of any petition must also be served on the Commissioner.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **Final Order** was served by certified mail, return receipt requested, postage prepaid, on this the 5<sup>th</sup> day of January, 2016 to:

Robert Lincoln Williamson, II  
1020 Rose Lane  
Louisa, KY 41230

And hand delivered to:

Hon. Gary W. Adkins  
Department of Financial Institutions  
1025 Capital Center Drive, Ste. 200  
Frankfort, KY 40601

  
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Kelly Childers  
Department of Financial Institutions