



COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DIVISION OF SECURITIES
ADMINISTRATIVE ACTION NO. 2023-AH-0008

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

CURTIS JAYNES and
FIRS FINANCIAL INDEPENDENCE & RETIREMENT
SECURITY INVESTMENT LLC

RESPONDENTS

AGREED ORDER

PARTIES

1. The Department is responsible for administering the provisions of 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. Respondent Curtis Jaynes resides at 164 Berkshire Street, Corbin, Kentucky 40701. He is not registered with the Department in any capacity.

3. Respondent FIRS Financial Independence & Retirement Security Investment LLC (“FIRS”) is a Kentucky limited liability company organized and managed by Jaynes, with a principal office at 164 Berkshire Street, Corbin, Kentucky 40701. FIRS is not registered with the Department in any capacity.

STATEMENT OF FACTS

4. On or about September 7, 2022, the Department received an anonymous complaint that Jaynes had opened FIRS, was seeking investors from others without divulging the nature of the investment, and was guaranteeing investors a ten percent return within ninety days of investing.

5. Jaynes provided the Department with exemplars of a confidentiality agreement, non-disclosure agreement, investment contract, and finder's fee agreement he proposed to use in operating FIRS. Jaynes indicated that FIRS "only offer[ed] investments in the domestic stock market and the foreign metals stock sectors."

6. Jaynes' business card and Facebook posts made by Jaynes on behalf of FIRS told potential clients, "Allow our team to make your Financial Dream become reality."

7. A number of Facebook posts by Jaynes indicated Jaynes had current investor clients, including posts reading "Today was a great success as always on investment just so everyone knows God truly blessed the clients today," "Just and [sic] update since starting up my investment business it has been amazing our present investment clients have enjoyed the success and enjoyed the guaranteed return of 10 percent return on their investment in their first 90 days," and "I would like to thank all of our present clients for putting your faith and trust in FIRS."

8. Jaynes stated in an interview with Department staff that he in fact had no clients at the time he made those posts.

9. Jaynes indicated in that interview that he had previously invested funds on behalf of a colleague, netting a positive return for that colleague, before he incorporated FIRS.

10. Jaynes explained to Department staff in that interview that he intended to operate FIRS for the benefit of clients as an alternative to other investment ventures. He expected to take investments from clients, day trade those invested funds chiefly in foreign metals stocks, and return profits to the clients, less a commission for himself. If he did not earn a ten percent return for the clients within ninety days of investment, he intended to reimburse the clients from personally reserved capital in order to make up any shortfall.

STATUTORY AUTHORITY

11. Under KRS 292.310(11), as used in the Act,

“[i]nvestment adviser” means any person who, for compensation, directly or indirectly, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities.

12. Under KRS 292.310(12), as used in the Act,

“[i]nvestment adviser representative” means an individual employed by or associated with an investment adviser or covered adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendations or advice regarding securities should be given, provides investment advice or holds himself or herself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing.

13. Under KRS 292.310(19), as used in the Act,

“[s]ecurity” means any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, life settlement investment, voting-trust certificate, certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest in or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. “Security” does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay a fixed number of dollars either in a lump sum or periodically for life or some other specified period

14. Under KRS 292.330(8), “[i]t is unlawful for any person to transact business in [Kentucky] as an investment adviser unless the person is registered under [the Act] as an investment adviser or is exempt from registration under subsection (9) of this section.”

15. Under KRS 292.330(10), “[i]t is unlawful for an investment adviser to employ or associate with an investment adviser representative unless the representative is registered under [the Act] or exempt from registration.”

16. Under KRS 292.330(11), “[i]t is unlawful for an individual to transact business in [Kentucky] as an investment adviser representative unless the individual is registered under [the Act] as an investment adviser representative or is exempt from registration under subsection (12) of this section.”

17. Under 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.”

18. Under KRS 292.470,

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; . . .

(c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

19. Under 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[.] . . . 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.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

20. The Commissioner finds that Jaynes violated KRS 292.330(8) by acting as an unregistered investment adviser for his colleague.

21. The Commissioner finds that Jaynes violated KRS 292.340 by offering an unregistered investment contract for sale in Kentucky, to wit, the guarantee of a ten percent return in ninety days on clients' investments with FIRS, to be realized solely through the Jaynes' efforts.

AGREEMENT AND ORDER

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

23. In the interest of economically and efficiently resolving the violations described herein, the Department, FIRS, and Jaynes hereby agree as follows:

a. FIRS and Jaynes shall cease and desist from offering investment adviser or investment adviser representative services in Kentucky unless appropriately registered with the Department;

b. FIRS and Jaynes shall cease offering investment contracts for sale in Kentucky unless those investment contracts are properly registered with the Department;

- c. FIRS and Jaynes agree to pay a civil fine in the amount of **two-hundred and fifty dollars (\$250.00)** for the violations described herein, imposed jointly and severally, which fine shall be due and payable within thirty days of the date of entry of this Agreed Order;
- d. All payments under this Agreed Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to FIRS and Jaynes, or by a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2023-AH-0008, 500 Mero Street, 2 SW 19, Frankfort, Kentucky 40601; and
- e. FIRS and Jaynes shall cease and desist from any further violations of the Act.

24. FIRS and Jaynes 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.

25. FIRS and Jaynes consent to and acknowledge the jurisdiction of the Department over this matter and recognize that this Agreed Order is a matter of public record and may be disseminated as such.

26. In consideration of the execution of this Agreed Order, FIRS and Jaynes for themselves, and for their successors and assigns, hereby release and forever discharge 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 FIRS and Jaynes 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.

27. 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.

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

IT IS SO ORDERED on this the 18th day of May, 2023.

Marni Rock Gibson

JUSTIN BURSE
ACTING COMMISSIONER

Acting Deputy Commissioner
Signing on behalf of Commissioner

Consented to:

On behalf of the Department of Financial Institutions,

This 18 day of May, 2023.

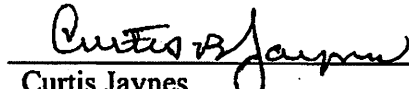


CHAD HARLAN
Director, Division of Securities
Department of Financial Institutions

AND

On his own behalf and on behalf of FIRS Financial Independence & Retirement Security Investment LLC,

This 14th day of May, 2023.



Curtis Jaynes
Respondent and Agent for FIRS Financial
Independence & Retirement Security Investment
LLC

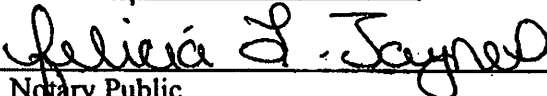
ACKNOWLEDGEMENT

STATE OF KY)
)
COUNTY OF Knox)

On this the 14 day of May, 2023, before me Felicia Jaynes

Curtis Jaynes personally appeared and acknowledged himself to be the Respondent named in the foregoing instrument and to be a duly authorized representative of **FIRS Financial Independence & Retirement Security Investment LLC** and acknowledged that he entered into and executed the foregoing instrument for the purposes therein contained.

My commission expires: Feb. 20, 2024


Notary Public KY#2389
2/20/24

CERTIFICATE OF SERVICE

I, Victoria Word, hereby certify that a copy of the foregoing Agreed Order was sent on this the 19 day of May, 2023, by certified mail, return receipt requested, to the following:

Curtis Jaynes
164 Berkshire St.
Corbin, KY 40701

FIRS Financial Independence & Retirement Security Investment LLC
164 Berkshire St.
Corbin, KY 40701

And by electronic delivery to:

Michael Barnett
Staff Attorney
Department of Financial Institutions
500 Mero St.
2 SW 19
Frankfort, KY 40601
michael.barnett@ky.gov

Department of Financial Institutions
Department of Financial Institutions

Name: Allison Reed by Victoria Word

Title: Executive Staff Advisor