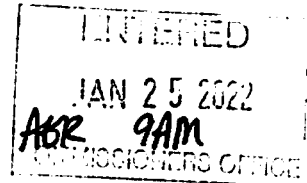


COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2021-AH-0018



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v. **AGREED ORDER**

BLUEGRASS CAPITAL ADVISORS, LLC  
and KEVIN ATTKISSON

RESPONDENTS

STATEMENT OF FACTS

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

2. Bluegrass Capital Advisors, LLC (CRD# 147805) (hereinafter “BCA”) is a limited liability company organized under the laws of the Commonwealth of Kentucky, with a principal address at 3309 Collins Lane, Louisville, KY 40245. BCA is a registered investment adviser whose principal office has been in Kentucky, serving Kentucky clients at all relevant times throughout the period of the Department’s examination.

3. Kevin Attkisson (CRD# 5471602) is managing member and a registered investment adviser representative of Bluegrass Capital Advisors, LLC.

4. Bluegrass Capital Advisors, LLC and Mr. Attkisson are hereinafter referred to collectively as the “Respondents.”

5. On June 26 — 27, 2019, the Department performed a routine compliance examination of Respondents. The Department learned the information that follows during the course of its examination.

6. One of BCA's clients invested in a BCA-affiliated entity, SFR VII Holdings, LLC, without Respondents creating policies and procedures to prevent a breach of fiduciary duty when working with Respondents' clients. Respondents failed to inform all of their clients about the conflicts of interest this investment presented.

7. On April 17, 2020, the Department learned during its examination that Respondents tasked Jonathan Robinson (CRD# 4675026) with the responsibilities of managing investment portfolios of and placing trades for BCA's Kentucky clients, despite Mr. Robinson lacking registration as an investment adviser representative in Kentucky.

8. Before the Department learned about Mr. Robinson's unregistered activities, Respondents did not indicate that they had a sub-advisory agreement with Blueprint Investment Partners (CRD# 170196), an SEC-covered adviser, during the compliance examination. When the Department followed-up with Respondents regarding Mr. Robinson's unregistered activities, Respondents indicated to the Department for the first time that they had executed a sub-advisory agreement with Blueprint Investment Partners in May 2016.

9. Mr. Robinson was not an approved investment adviser representative with Blueprint Investment Partners until January 8, 2020. Prior to January 8, 2020, Mr. Robinson was not registered with this covered adviser; he was only registered in North Carolina with Respondent BCA and was operating from a branch office in North Carolina from February 28, 2012 to April 30, 2020.

10. On February 10, 2020, April 17, 2020, September 10, 2020, and October 11, 2020, Respondents provided the Department with inconsistent and incomplete information about the sub-advisory agreement, Mr. Robinson's responsibilities, and Respondent BCA's relationship to SFR VII Holdings, LLC during its examination.

11. Respondent BCA failed to maintain a trade blotter as set forth in 17 CFR 275.204-2(a)(3).

12. Respondent BCA failed to maintain true, accurate, and current financial statements as set forth in 17 CFR 275.204-2(a)(6).

13. Respondent BCA failed to maintain a complete and accurate record of all access persons' securities holding reports and evidence the review of such reports as set forth in 17 CFR 275.204-2(a)(13). On June 26, 2019, Respondents' provided report did not include all access persons and only recorded the holdings at their custodian, Charles Schwab. On February 10, 2020, Respondents provided an expanded report to include two additional access persons and reported securities holdings outside of Charles Schwab. On April 20, 2020, Respondents confirmed that the prior securities holdings reports did not record all securities holdings and Respondents provided the reports for June 2017 through December 2019. Those reports did not include all access persons and securities holdings outside of Charles Schwab, unlike the report from February 2020.

14. Respondent BCA failed to complete annual reviews of its policies and procedures, maintain a true and accurate copy of its policies and procedures, or maintain documentation of annual reviews of its policies and procedures as set forth in 17 CFR 275.204-2(a)(17).

15. Respondent BCA failed to deliver an updated brochure within 120 days after the end of its fiscal year for the 2017 and 2018 fiscal years.

#### STATUTORY AUTHORITY

16. KRS 292.310(12) states,

"Investment 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...

17. KRS 292.330(10) states,

It is unlawful for an investment adviser to employ or associate with an investment adviser representative unless the representative is registered under this chapter or exempt from registration.

18. 808 KAR 10:030 Section 5(1)(b) states,

(1) An investment adviser shall:

...

(b) Deliver to each client annually, within 120 days after the end of the investment adviser's fiscal year and without charge:

1. A current brochure; or
2. The summary of material changes to the brochure as required by Item 2 of Form ADV, Part 2A that offers to provide the current brochure without charge, accompanied by the Web site address (if available) and an e-mail address (if available) and telephone number by which a client may obtain the current brochure, and the Web site address for obtaining information about the investment adviser through the Investment Adviser Public Disclosure (IAPD) system...

19. 808 KAR 10:110 Section 1(1) states,

Pursuant to KRS 292.336(1)(a), an investment adviser who maintains his principal place of business in Kentucky shall:

- (a) Meet the recordkeeping requirements established in 15 U.S.C. 80b-3; and
- (b) Maintain his books and records in accordance with the applicable federal regulations, including 17 C.F.R. 275.204-2.

20. 808 KAR 10:450 Section 2 states, in pertinent part,

A person who is an investment adviser or an investment adviser representative shall be a fiduciary and shall have a duty to act primarily for the benefit of its clients. An investment adviser or investment adviser representative shall not engage, either directly or indirectly, in unethical or dishonest practices.

21. KRS 292.470 states, in pertinent part,

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).

#### VIOLATIONS

22. Respondent BCA failed to maintain a trade blotter; failed to maintain a complete and accurate record of its access persons' securities holding reports and evidence the reports had been reviewed; failed to maintain true, accurate, and current financial statements, policies, and procedures; and failed to complete and document annual reviews of its policies and procedures, which is in violation of 808 KAR 10:110 Section 1(1).

23. Respondent BCA failed to deliver an updated brochure within 120 days after the end of its fiscal year for the 2017 and 2018 fiscal years, which is in violation of 808 KAR 10:030 Section 5(1)(b).

24. Respondent BCA had a client invested in a BCA-affiliated entity, lacked policies and procedures to prevent a breach of fiduciary duty when working with its clients, and Respondents' clients were not informed of this conflict, which is in violation of 808 KAR 10:450 Section 2.

25. Respondents allowed Jonathan Robinson to perform responsibilities as an investment adviser representative on behalf of Kentucky clients without Mr. Robinson being registered in Kentucky, which is in violation of KRS 292.330(10).

26. Respondents provided the Department several inconsistent and incomplete statements over the course of its examinations, including statements regarding their relationship to SFR VII Holdings, LLC, a client's investment in SFR VII Holdings, LLC, the existence of a sub-advisory agreement, the date that the sub-advisory agreement was entered into, and the nature of Mr. Robinson's responsibilities, which is in violation of 808 KAR 10:450 Section 2. In so finding this violation, the Department does not herein assert that Respondents were purposefully dishonest or that they engaged in fraudulent, manipulative, or deceptive conduct when they provided inconsistent and incomplete information during the examination period.

#### AGREEMENT AND ORDER

27. Respondents neither admit nor deny violating any provision of KRS 292 or the regulations promulgated thereunder;

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

29. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

i. Respondent Bluegrass Capital Advisors, LLC agrees to pay a civil fine in the amount of **twenty-five thousand five hundred dollars (\$25,500)** for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;

ii. Respondent Kevin Attkisson agrees to pay a civil fine in the amount of **nine thousand five hundred dollars (\$9,500)** for the violations described herein, which shall be due and payable within thirty (30) days of the entry of this Order;

iii. 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 by a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2021-AH-0018, 500 Mero Street, Frankfort, Kentucky 40601;

iv. Respondents shall cease and desist from any future violations of the Securities Act of Kentucky;

v. Respondents waive the 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 behalf, or to otherwise appeal or set aside this Agreed Order;

vi. Respondents consent to and acknowledge the jurisdiction of the Department over this matter and that this Agreed Order is a matter of public record and may be disseminated as such;

vii. In consideration of execution of this Agreed Order, Respondents for themselves, and for their successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, the Department, 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;

viii. 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; and

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

SO ORDERED on this the 19th day of January, 2022  
2021

/s/ Charles A. Vice

CHARLES A. VICE  
COMMISSIONER

Charles  
A. Vice

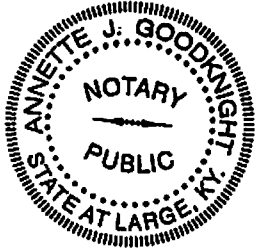
Digitally signed by: Charles A. Vice  
DN: CN = Charles A. Vice email = charles.vice@ky.gov C = US O = Dept.  
of Financial Institutions OU = PPC/DFI/Commissioner  
Date: 2022.01.19 15:08:51 -05'00'







My Commission Expires:



*Annette J. Goodknight*  
Notary Public

**CERTIFICATE OF SERVICE**

<sup>14</sup>  
25 I certify that a true and correct copy of the foregoing Agreed Order was sent on this the January, 2021 by the method indicated below to the following:

*Via certified mail, return receipt requested:*

Kevin Attkisson, Managing Member  
BLUEGRASS CAPITAL ADVISORS, LLC  
3309 Collins Lane  
Louisville, KY 40245  
*Respondent and Representative on behalf of  
Respondent Bluegrass Capital Advisors, LLC*

*Via electronic delivery:*

Brandon Adcock, Staff Attorney III  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
500 Mero Street  
Frankfort, KY 40601  
[brandon.adcock@ky.gov](mailto:brandon.adcock@ky.gov)  
*Counsel for Department of Financial Institutions*

Kentucky Department of Financial Institutions

Name: Audrey Reed

Title: Executive Staff Advisor