

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2019-AH-00005**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

**COMPLAINANT**

**vs.**

**AGREED ORDER**

**J.J.B. HILLIARD, W.L. LYONS, LLC**

**RESPONDENT**

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**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. J.J.B Hilliard, W.L. Lyons, LLC, (“Hilliard Lyons”), is a broker-dealer registered with DFI under CRD # 453, with a principle business address of 500 West Jefferson Street, 7<sup>th</sup> Floor, Louisville KY 40202. Hilliard Lyons employs Thomas O. Eifler, an Investment Adviser Representative and Agent, CRD# 76398, at the Louisville office location. DFI conditionally registered Mr. Eifler (“Eifler”) with an effective registration date of April 19, 2017.

3. DFI conducted a routine compliance examination of Eifler’s Louisville office on March 6-7, 2018. During the examination, DFI discovered Eifler and Hilliard Lyons were in violation of the conditional registration.

4. Specifically, the examination by DFI revealed that a contract for a new Business Development Consultant for the Eifler Group was entered into on December 14, 2017. Under the written terms of the contract, Eifler was to act in a supervisory capacity; however, the conditional registration agreement prohibited Eifler from acting in any principal, supervisory or managerial capacity in connection with his employment with Hilliard Lyons. Hilliard Lyons amended the

contract on May 10, 2018, to remove Eifler from a supervisory role after this issue was brought to its attention.

5. Based upon the facts as set forth in paragraphs three (3) and four (4), Hilliard Lyons violated 808 Kentucky Administrative Regulation (KAR) 10:030 Section 3 by failing to properly supervise Eifler and all contracts related to his activities.

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 adversary proceedings, the DFI and Hilliard Lyons agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

#### **ACTIONS FOR COMPLIANCE AND SETTLEMENT**

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

8. Hilliard Lyons 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 KAR Chapter 10.

10. Hilliard Lyons 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. Hilliard Lyons 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 on behalf of Hilliard Lyons.

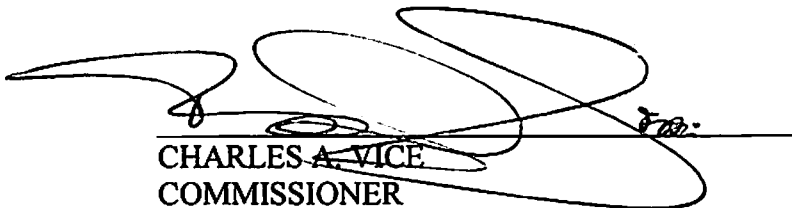
13. In consideration of the execution of this Agreed Order, Hilliard Lyons for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, 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 Hilliard Lyons 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. Hilliard Lyons agrees to pay a fine in the amount of Two Thousand dollars (\$2,000.00) as full settlement of this matter.

15. Hilliard Lyons agrees to pay the fine no later than the effective date of the Agreed Order, which shall be in the form of a wire transfer in lieu of a certified check or money order made payable to the "Kentucky State Treasurer" pursuant to wire instructions previously delivered to Hilliard Lyons. 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 27<sup>th</sup> day of Feb, 2019.

  
CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This 20<sup>th</sup> day of February, 2019.

Marni Rock Gibson

Marni Rock Gibson, Director  
Division of Securities  
Department of Financial Institutions

**AND**

This 21 day of February 2019

Elizabeth C Kaplan

Representative Elizabeth C Kaplan  
Hilliard Lyons Chief Compliance Officer

**ACKNOWLEDGEMENT**

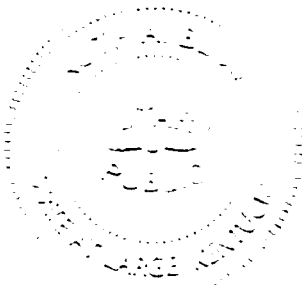
STATE OF Kentucky )  
 )  
COUNTY OF Jefferson )

On this the 21st day of February, 2019, before me Ruth A. Blum, the undersigned, Elizabeth Kaplan, did personally appear and acknowledge himself/herself to be the authorized representative of the Hilliard Lyons 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: January 29, 2023

Ruth A. Blum  
Notary Public



Notary Public, State at Large, KY  
My commission expires Jan. 29, 2023  
Notary ID# 616356

Certificate of Service

I, Allison Reed, hereby certify that a copy of the foregoing Agreed Order was sent on this the 21 day of February, 2019, by first class mail to:

Hilliard Lyons  
500 West Jefferson Street, 7<sup>th</sup> Floor  
Louisville, KY 40202  
Attn: Elizabeth C. Kaplan, Senior Vice President and Chief Compliance Officer

Nathan Berger, Attorney  
Frost Brown Todd, LLC  
400 West Market Street, Suite 3200  
Louisville, KY 40202

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 Advisor