



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DIVISION OF SECURITIES  
ADMINISTRATIVE ACTION NO. 2021-AH-0005

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

LAWRENCE ROSEN

RESPONDENT

**FINAL ORDER OF DEFAULT**

Comes now the Department of Financial Institutions (DFI), by counsel, pursuant to Kentucky Revised Statute (KRS) 292.470, KRS 292.500 and 808 Kentucky Administrative Regulation (KAR) 10:225, and hereby enters this **Final Order of Default** against Lawrence Rosen. In support thereof, DFI states as follows:

**PARTIES**

1. DFI 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. Lawrence Rosen ("Rosen") is a Kentucky citizen with a residential address of 7008 Green Spring Dr., Louisville, Kentucky, 40240.

**FILING AND SERVICE OF THE ADMINISTRATIVE COMPLAINT**

3. On March 17, 2021, the Department filed an Administrative Complaint in the above-styled action, alleging numerous violations of the Act by Respondent.
4. On March 17, 2021, DFI sent, via certified mail, a copy of the Administrative Complaint to Rosen at the address listed above. Per records from the United States Postal Service, the Complaint was successfully delivered on March 20, 2021.

5. As the Complaint was successfully served on Respondent, and as no response to the Complaint was received by the Department, this Final Order of Default is appropriate.

#### **STATEMENT OF FACTS**

2. On September 12, 2012, a Final Order was entered against Rosen by the Commissioner of the Department which ordered Rosen, among other things, to “Cease and Desist operating as an unregistered investment adviser in Kentucky and from violating any other provision of the Act,” (the “2012 Order”).

3. Rosen contested the 2012 Order and filed an appeal in the Franklin County Circuit Court as well as another appeal with the Kentucky Court of Appeals. These appeals were unsuccessful, and the Kentucky Supreme Court denied Rosen’s petition for certiorari on February 11, 2015. *See Rosen v. Commonwealth, Public Protection Cabinet, Dept. of Financial Institutions*, 451 S.W.3d 669 (Ky. App. 2014).

4. As no stay under KRS 292.490 was entered by the court in Rosen’s case, the 2012 Order was applicable to and enforceable against Rosen as of September 12, 2012.

5. As detailed below, Rosen continued to act as an investment adviser and investment adviser representative after the entry of the 2012 Order by offering and selling securities to clients, and advising those clients about the value or advisability of those securities.

6. First, from approximately February 2012 to approximately May 2018, Rosen offered and sold investments through the International Fixed Income Account (IFIA) program to investors.

7. The IFIA program was structured as a common investment fund with regular payments and financial statements provided to its investors. The program’s growth was fueled by trades Rosen made through TD Ameritrade.

8. These investments were all used to support the program as a common enterprise, and Rosen was the only party authorized to engage in trades for the account.

9. The IFIA program was not registered with the Department, exempt from registration, or a covered security.

10. Second, from approximately 2001 to approximately May 2019, Rosen offered and sold real estate investments through the Larry Rosen Company.

11. Investments made through the Larry Rosen Company were put into a common pool, which Rosen used in his sole discretion to purchase, sell, and manage commercial properties for the purpose of generating income for himself and his clients.

12. Investments made through the Larry Rosen Company were not registered with the Department, exempt from registration, or covered securities.

#### **STATUTORY AUTHORITY**

3. KRS 292.310 defines the terms "investment advisor" and "investment advisor representative" as:

"(11) "Investment 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) "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."

4. KRS 292.310(19) defines a "security," in relevant part, as:

"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.'"

5. Pursuant to KRS 292.330 provides that

"(8) It is unlawful for any person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration..."

6. Under KRS 292.340, it "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."

7. KRS 292.470 states in part that: "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).”

8. KRS 292.490 states in part that “[a]ny person aggrieved by a final order of the commissioner may obtain a review of the order by filing in accordance with KRS Chapter 13B in the Franklin Circuit Court, within thirty (30) days after the entry of the order, a written petition praying that the order be modified or set aside in whole or in part.” This statute goes on to lay out the procedural and substantive elements for the judicial review of an Order of the Commissioner.

9. Pursuant to 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...”

#### VIOLATIONS

32. Respondent offered and sold securities from Kentucky, through the IFIA program, where those securities were neither registered with DFI nor exempt from registration under the Act in violation of KRS 292.340 and the 2012 Order.

33. Respondent offered and sold securities from Kentucky, through the Larry Rosen Company, where those securities were neither registered with DFI nor exempt from registration under the Act in violation of KRS 292.340 and the 2012 Order.

34. Respondent was not registered with DFI when he engaged in the above conduct in violation of KRS 292.330(8), and the 2012 Order.

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

13. Investments in the IFIA program constitute investment contracts subject to the requirements of the Act. *See* KRS § 292.310(19) (West), and S.E.C. v. W.J. Howey Co., 328 U.S. 293 (1946).

35. Investments in the IFIA program were not registered with the Department, exempt from registration, or covered securities; therefore the offer and sale of these investments is a violation of KRS 292.340.

36. Investments in the Larry Rosen Company constitute investment contracts subject to the requirements of the Act. *See* KRS § 292.310(19), and S.E.C. v. W.J. Howey Co., 328 U.S. 293 (1946).

37. Investments in the Larry Rosen Company were not registered with the Department, exempt from registration, or covered securities; therefore the offer and sale of these investments is a violation of KRS 292.340.

38. When Rosen offered investment advice and services in exchange for compensation as described above, he engaged in conduct that falls within the definition of an “investment adviser” in KRS 292.310(11) and “investment adviser representative” as defined in KRS 292.310(12). Because Rosen was not registered with the Department as required under the Act, these actions are in violation of KRS 292.330(8), 292.330(11), and the 2012 Order.

39. As Rosen both violated the Act and “operated as an unregistered investment adviser in Kentucky,” his actions related to the IFIA program and the Larry Rosen Company (as outlined above) were in violation of the 2012 Order and are subject to the penalties outlined in KRS 292.500(14).

40. This Order is in the public interest.

**ORDER**

In light of the foregoing, the Commissioner hereby **ORDERS** that:

1. Respondent Lawrence Rosen shall **CEASE AND DESIST** from soliciting or selling any security in Kentucky unless that security is registered as required under the Act;
2. Respondent Lawrence Rosen shall **CEASE AND DESIST** from any and all activity which would constitute a violation of the Act;
3. Respondent Lawrence Rosen shall pay a civil penalty in the amount of **Twenty-Seven Thousand and Five Hundred Dollars (\$27,500)**;
4. Respondent Lawrence Rosen shall pay restitution to the investors impacted by the violations described herein, as the Commissioner shall prescribe;
7. This Order shall be final and appealable.

IT IS SO ORDERED on this the 13th day of May, 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 = KY  
DFI OU = Commissioner's Office  
Date: 2021.05.13 12:43:28 -04'00'

**NOTICE OF APPEAL RIGHTS**

Pursuant to KRS 292.490 and 13B.140, as applicable, you are hereby notified that any person aggrieved by the FINAL ORDER of the Commissioner may obtain a review of the Order by the Franklin Circuit Court. If you choose 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 entry of the Order. A copy of the petition must be served on the Commissioner.



**CERTIFICATE OF SERVICE**

I, Alison Reed, hereby certify that a copy of the foregoing Final Order of Default was sent on this the 15<sup>th</sup> day of May, 2021, by certified mail, return receipt requested, to the following:

Lawrence Rosen  
7008 Green Spring Dr.  
Louisville, Kentucky 40240-1053  
RESPONDENT

AND

Hand delivered to:

Stuart D. Michael  
Public Protection Cabinet  
Department of Financial Institutions  
500 Mero Street 2 SW 19  
Frankfort, Kentucky 40601  
COUNSEL FOR COMPLAINANT

Alison Reed  
Department of Financial Institutions

Name: Alison Reed

Title: Executive Staff Advisor