

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2018-AH-00003



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

M HOLDINGS SECURITIES, INC.

RESPONDENT

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. M Holdings Securities, Inc. (hereafter “M Holdings”), is registered as a broker-dealer with the DFI under CRD # 43285, with a principle business address of 1125 N.W. Couch Street, Suite 900, Portland OR 97209. M Holdings maintained a local branch in Louisville, KY. Mr. Michael Clarke Faurest (hereafter “Faurest”) was the sole broker dealer agent and investment adviser representative for M Holdings in the Louisville, KY office location.

3. DFI conducted a routine compliance examination of the M Holdings Louisville branch on February 1-2, 2017. During the examination, DFI discovered Faurest had altered client documents.

4. Specifically, the examination by DFI revealed that Faurest had altered a client’s 1035 exchange form by cutting and taping the client’s signature on the form. In addition, Faurest’s client files contained multiple improperly completed forms.

5. Based upon the facts as set forth in paragraphs three (3) and four (4), M Holdings violated 808 KAR 10:030 Section 3 by failing to properly supervise Faurest.

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 M Holdings 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 M Holdings, in the interest of economically and efficiently resolving this matter, agree as follows.

8. M Holdings 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.

9. M Holdings shall comply with the Act.

10. M Holdings 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. M Holdings 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 M Holdings.

13. In consideration of the execution of this Agreed Order, M Holdings for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of

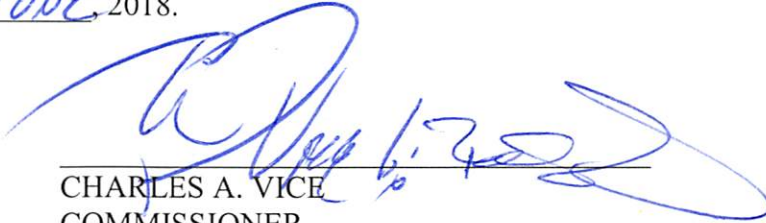
Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that M Holdings 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. M Holdings agrees to pay a fine in the amount of Five Thousand dollars (\$5,000.00) as full settlement of this matter.

15. M Holdings 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" and mailed to the Department of Financial Institutions, Attn: Securities Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601. 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 16 day of June, 2018.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 6th day of June, 2018.

Mauri Roch Gibson - Division Director

~~wfb~~ ~~Shonita Bossier~~, Director
Division of Securities
Department of Financial Institutions

AND

This 7th day of May, 2018

Sara J. Andres

Sara J Andres
Chief Compliance Officer
M Holdings Securities, Inc.

ACKNOWLEDGEMENT

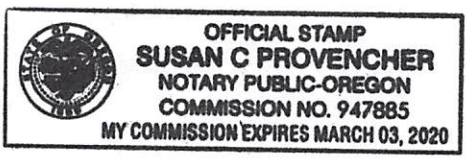
STATE OF Oregon)
COUNTY OF Multnomah)

On this the 7th day of May, 2018, before me Susan Provencher, the undersigned, Sara J. Andres, did personally appear and acknowledge himself/herself to be the authorized representative of M Holdings Securities, Inc. 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: 3/3/2020

Susan Provencher
Notary Public



Certificate of Service

I, ALLISON EVANS, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 6 day of JUNE 2018, by first class mail to:

Ms. Sara J. Andres,
VP Compliance, Risk, Supervision & Regulatory Affairs
Chief Compliance Officer
M Holdings Securities, Inc.
1125 NW Couch Street, Suite 900
Portland, OR 97209

hand delivered to:

Catherine Falconer, attorney
Kentucky Department of Financial Institutions
1025 Capitol Center Drive, Suite 200
Frankfort, KY 40601

Allison Evans by Le Key
KY Department of Financial Institutions
Name: ALLISON EVANS
Title: EXECUTIVE STAFF ADVISOR