



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2018-AH-00014

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

AGREED ORDER

MICHAEL FAUREST

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. Mr. Michael C. Faurest (hereafter “Faurest”), CRD# 5807922, was registered with DFI as a broker-dealer agent and an investment adviser representative of M Holdings Securities, Inc., (“Firm”) CRD #43285, from January 3, 2014 until he voluntarily terminated his employment on March 29, 2017. Faurest was the sole broker-dealer agent and investment adviser representative for the Firm in the Louisville, KY office location. This Order involves the same facts which formed the basis for the Notice of Resolution, 17-AH-00052, dated 10/30/17.

3. During the February 1-2, 2017 examination of the Firm’s branch office (CRD #552756) in Louisville, Kentucky, DFI examiners discovered violations of KRS Chapter 292 and Kentucky Administrative Regulations. Specifically, the February examination by DFI revealed that Faurest altered a client’s originally signed 1035 exchange form by cutting and taping the client’s signature from the original document onto a new form. While the client authorized the original exchange, the client did not authorize Mr. Faurest’s method of documentation. To date,

the client has not claimed any harm from Mr. Faurest's actions; nor is there any indication Faurest financially benefitted from this conduct. In addition, DFI's examination revealed Faurest's client files contained improperly completed forms. DFI views these actions as a violation of 808 KAR 10:440 §2 and a violation of the provisions of KRS 292.320(1).

5. DFI possesses a range of administrative authority in addressing compliance with the Act, including the ability to enter into Agreed Orders.

6. To resolve all matters in connection with the DFI examination and investigation without litigation or adversarial proceedings, DFI and Faurest, who admits the allegations, 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**

DFI and Faurest, in the interest of economically and efficiently resolving this matter, agree as follows;

7. Faurest shall be suspended from registration and shall not submit an application for registration with DFI for six (6) months from the date of entry of this Agreed Order.

8. Faurest shall comply with the Act and all regulations promulgated pursuant to the Act.

9. Faurest waives his right to demand a hearing at which he would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on his behalf, or to otherwise appeal or set aside this Agreed Order.

10. Faurest 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.

11. Faurest admits to the above-referenced violations of the Act and the corresponding administrative regulation.

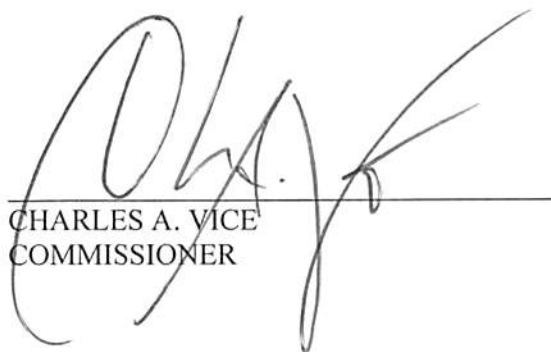
12. In consideration of the execution of this Agreed Order, Faurest for himself, and for his successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from 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 Faurest 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.

13. Faurest agrees to pay a civil penalty in the amount of Seven Thousand dollars (\$7,000.00), as full settlement of this matter.

14. Faurest agrees to pay the fine in four (4) monthly installments of \$1,750. The first installment shall be due upon entry of the Agreed Order. Each subsequent installment will be due on or before the thirtieth (30<sup>th</sup>) day of the month. All payments shall be in the form 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 Agreed Order void.

15. 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 29<sup>th</sup> day of June, 2018.



CHARLES A. VICE  
COMMISSIONER



Certificate of Service

I, Allison Evans, hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 2 day of July, 2018, by first class mail to:

Mr. Michael C. Faurest  
427 Pennington Lane  
Louisville, KY 40207

And

David L. Reichert  
c/o Valenti Hanley PLLC  
One Riverfront Plaza  
401 West Main Street, Suite 1950  
Louisville, Kentucky 40202  
Phone: (502) 568-2100  
Fax: (502) 568-2101  
Email: [dreichert@vhrlaw.com](mailto:dreichert@vhrlaw.com)

hand delivered to:

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

Allison Evans  
KY Department of Financial Institutions  
Name: Allison EVANS  
Title: Executive Staff Advisor