

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2020-AH-0016

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

CINDY MADDOX

RESPONDENT

AGREED ORDER

PARTIES

1. The Department of Financial Institutions 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. Respondent Cindy Maddox was employed as the vice president of Green Square Capital Advisors, LLC.

STATEMENT OF FACTS

3. Respondent was employed as the vice president of Green Square Capital Advisors, LLC ("GSC Louisville," CRD# 115231), an investment advisory firm, from September 1, 2015 to July 31, 2017.
4. GSC Louisville is a registered Memphis, Tennessee company, with a principal address of 6070 Popular Avenue, Suite 212, Memphis, Tennessee, 38119. GSC Louisville's business office was located at 4360 Brownsboro Road, Louisville, Kentucky 40207.
5. GSC Louisville was registered as an SEC covered adviser from August 28, 2014 to May 11, 2017 but did not maintain this registration after that date.

6. On March 31, 2019, The Department's Division of Securities received an application for investment adviser registration in Kentucky for GSC Louisville. The Department determined that Respondent was acting as an investment adviser representative in Kentucky without registration from May 11, 2017 to July 31, 2017, which followed GSC Louisville's termination of its SEC registration, and Respondent did not qualify for an exemption from registration.

7. The Department made several attempts in good faith to deliver correspondence to Ms. Maddox about this matter, however, none returned an answer and the certified mail receipts appeared inconclusive if actual notice had been provided. On March 1, 2022, the Department sent a copy of its Administrative Complaint in this matter to Ms. Maddox via certified mail to her last known address and the address that was believed to be her most recent employer. On or about March 4, 2022, the Department received confirmation of the Administrative Complaint's delivery, which took place on that date. The return receipt was signed "Covid-19." This delivery was consistent with previous attempts to contact the Respondent.

8. On April 26, 2022, after receiving no response from the Respondent, the Department entered a Final Order of Default in this matter.

9. On or about April 27, 2022, the Department discovered a Louisville address on FINRA's Central Registration Depository (CRD) as a possible location to provide notice to Ms. Maddox of the matter. This address was different from what the Department had previously discovered during its investigation into possible service addresses.

10. On May 9, 2022, the Department sent a letter to Ms. Maddox at the Louisville address as a final attempt to contact her, which briefly explained the situation and attached the Administrative Complaint and Final Order of Default. The Department received no response to that letter and its

USPS mailing record indicated the item was unclaimed as no authorized recipient was available. The letter was returned by the U.S. Postal Service to the Department on June 21, 2022.

11. On October 4, 2022, the Department entered the U6 regarding this matter into CRD.

12. On October 5, 2022, Ms. Maddox was informed by her current employer's disclosure analyst about the regulatory action. That same day, Ms. Maddox contacted counsel for the Department to discuss the matter.

13. On November 4, 2022, the Department learned from Respondent's counsel that Ms. Maddox had moved back to Kentucky on or about October 2021 and the updated address appeared on CRD. This address was the same as what the Department discovered in May and had sent its last correspondence to. Upon information and belief, it appears that the Respondent likely did not receive actual notice of the Administrative Complaint, Final Order, or the Department's letter thereafter until she was informed by the disclosure analyst and was unaware of the alleged violations until notified by the disclosure analyst.

STATUTORY AUTHORITY

14. KRS 292.310(12) states, in pertinent part,

“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.

15. KRS 292.330(11) states,

It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative or is exempt from registration under subsection (12) of this section.

16. KRS 292.470(3) states,

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).

17. KRS 292.500(14) states,

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, except when the violation is directed at or results in monetary damage to one (1) or more individuals who are sixty (60) years of age or older, the commissioner may impose an additional fine not to exceed twenty thousand dollars (\$20,000) per violation. Each act or transaction which violates this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation. Any employer or principal shall be jointly and severally liable for fines imposed in connection with the conduct of employees or agents.

VIOLATIONS

18. Respondent, while employed by GSC Louisville as vice president, acted as an investment adviser representative and was not registered to act as an investment adviser representative in Kentucky from May 11, 2017 to July 31, 2017, following GSC Louisville's termination of its SEC registration, and did not qualify for an exemption from registration in violation of KRS 292.330(11).

AGREEMENT AND ORDER

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


20. Respondent, Cindy Maddox, neither admits nor denies violating any provision of KRS 292 or the regulations promulgated thereunder.

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

- i. Respondent Cindy Maddox agrees to pay a civil fine in the amount of **five hundred dollars (\$500)** for the violation described herein, which shall be due and payable within thirty (30) days of the entry of this Order;
- ii. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondent, or by a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2020-AH-0016, 500 Mero Street, Frankfort, Kentucky 40601;
- iii. Respondent shall cease and desist from any future violations of the Securities Act of Kentucky;
- iv. Respondent waives the right to demand a hearing at which she 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;
- v. Respondent consents to and acknowledges 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;

- vi. In consideration of execution of this Agreed Order, Respondent for herself, and for her successors and assigns, hereby releases and forever discharges 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 Respondent 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 investigation, this disciplinary action, this settlement or its administration;
- vii. 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
- viii. This Agreed Order shall constitute the Final Order in this matter.

SO ORDERED on this the 16th day of November, 2022.



Designee of Commissioner
Justin M. Burse, Acting Commissioner

Consented to:

On behalf of the Department of Financial Institutions,

This 16th day of November, 2022.

Marni Rock Gibson

Director, Division of Securities
Department of Financial Institutions

AND

On behalf of Cindy Maddox,

This 10th day of NOV., 2022.

Cynthia Maddox ("Cindy")
Cindy Maddox

ACKNOWLEDGEMENT

STATE OF Kentucky)
)
COUNTY OF Jefferson)

On this the 10 day of November, 2022, **Cindy Maddox**, in my presence, did enter into and execute the foregoing instrument, on her own behalf, for the purposes therein contained, acknowledging the same.

My Commission Expires: 12-7-2023

Mary Kay Funk
Notary Public

MARY KAY FUNK
Notary Public - State at Large
Kentucky
My Commission Expires Dec. 07, 2023
Notary ID 635213

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Agreed Order was sent on this the 16th day of November, 2022 by the method indicated below to the following:

Via certified mail, return receipt requested and email:

Cindy Maddox
2140 Bonnycastle Ave., 7B
Louisville, KY 40205
cynthia.maddox@ml.com
Respondent

Via electronic delivery:

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

Kentucky Department of Financial Institutions

Name: Alicia Reed

Title: Executive Staff Advisor