



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2012-AH-0024

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

STERNE, AGEE & LEACH, INC.

RESPONDENT

**AGREED ORDER**

\* \* \* \* \*

**STATEMENT OF FACTS**

1. The Department of Financial Institutions (“DFI”) is the public agency of the Commonwealth of Kentucky charged with the enforcement of KRS Chapter 292, the Kentucky Securities Act (“the Act”).

2. Sterne, Agee & Leach, Inc. (“Respondent”) is a broker-dealer registered under the Act to do business in Kentucky. Respondent’s operates a branch office located at Plaza III at Hurstbourne Green, 9520 Ormsby Station Road, Suite 10, Louisville, Kentucky 40223.

3. On May 29, 2008, the DFI’s Division of Securities (“the Division”) issued a Conditional Registration to Daniel S. Current, an Agent of Respondent. Under the terms of the Conditional Registration, which was executed by both the Agent and Respondent, Respondent is bound to comply with all provisions of the Conditional Registration and is subject to sanctions under the Act for any failure to so comply. On September 1 and 3, 2010, respectively, Agent and Respondent executed a renewed Conditional Registration containing additional conditions, each of which were in effect at all times relevant herein.

4. The first numbered condition (“Condition 1”) of the renewed Conditional Registration requires Respondent to conduct two on-site inspections a year of Mr. Current, one of which must be unannounced, and to submit to the Division copies of such internal inspections within thirty (30) days of completion.

5. During the period of October 11-12, 2011, the Division conducted a limited scope examination of Respondent in order to determine compliance with the renewed Conditional Registration. During this examination, the Division discovered that Respondent had failed to submit to the Division a copy of its internal inspection of Mr. Current within thirty (30) days of completion as required by the Conditional Registration.

6. Pursuant to KRS 292.500(14), the Commissioner may impose a fine of up to twenty thousand dollars (\$20,000) for each violation of the Act, and an additional twenty thousand dollars (\$20,000) if the violation is directed toward an individual sixty (60) years of age or older.

7. In this case, the DFI has imposed a fine against Respondent in the amount of two thousand, five hundred dollars (\$2,500.00) for failing to comply with the Conditional Registration as set forth herein.

#### **AGREEMENT AND ORDER**

The DFI and Respondent, in the interest of economically and efficiently resolving the violations and discrepancies described above, agree, and it is hereby ORDERED, as follows:

1. Respondent is assessed a fine in the amount of two thousand, five hundred dollars (\$2,500.00);

2. Respondent shall pay the total fine assessed herein of two thousand, five hundred dollars (\$2,500.00) in a single installment, which shall be due by the date Respondent signs the Agreed Order and returns it to the DFI, but in no event later than March 9, 2012. The payment shall be made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Michael T. Davis, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

3. Respondent shall devote the time and resources necessary to ensure continual and full compliance with the Conditional Registration, all statutory requirements set forth in the Act and the regulations set forth in 808 KAR Chapter 10.

4. Any failure by Respondent to comply with any provision of this Agreed Order may result in further administrative action taken by the DFI.

5. Respondent waives its right to demand a hearing at which Respondent would be entitled to legal representation, to confront and cross examine witnesses and to present evidence on its own behalf, and further waives its right to otherwise appeal or set aside this Order.

6. Respondent consents to and acknowledges the jurisdiction of the DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

7. In consideration of execution of this Agreed Order, Respondent 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 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.

8. 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.

9. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 13<sup>th</sup> day of March, 2012.

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CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This 12 day of MARCH, 2012.

*Shonita Bossier*

Shonita Bossier, Director  
Division of Securities  
Department of Financial Institutions

This 6<sup>th</sup> day of March, 2012.

*Patrick S. Dogan*

Patrick S. Dogan, Chief Compliance Officer of  
Respondent Sterne, Agee & Leach, Inc.

ACKNOWLEDGEMENT

STATE OF Alabama )

COUNTY OF Jefferson )

On this the 6<sup>th</sup> day of March, 2012, before me Georganna M. Gant, the undersigned, Patrick S. Dogan, as Chief Compliance Officer and authorized representative of Sterne, Agee & Leach, Inc., did personally appear and enter into and execute the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 6/9/14

*Georganna M. Gant*  
Notary Public

**Certificate of Service**

I, Michael T. Davis, hereby certify that a copy of the foregoing Agreed Order was sent on this the 13<sup>th</sup> day of March, 2012, by certified mail, to the following:

Sterne, Agee & Leach, Inc.  
Attn: Patrick S. Dogan  
800 Shades Creek Parkway, Suite 500  
Birmingham, Alabama 35209  
*Respondent*



Michael T. Davis  
Commonwealth of Kentucky  
Department of Financial Institutions  
1025 Capital Center Drive  
Suite 200  
Frankfort, Kentucky 40601  
502-573-3390 ext. 240 (phone)  
502-573-2183 (facsimile)  
*Counsel for Complainant*