

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS

**Kentucky Department of
Financial Institutions,**

Complainant;

v.

William Edward (“Bill”) Breagy III,

Respondent.

DFI Administrative
Action Number:

2025-DFI-0004

Agreed Order

PARTIES

1. The Kentucky Department of Financial Institutions (the “Department”) and its Commissioner are 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, regulations and orders entered pursuant to the Act, and are responsible under the Act for registering and regulating broker-dealers and their agents in Kentucky.

2. Respondent William Edward “Bill” Breagy III is a registered broker-dealer agent affiliated with CFD Investments, Inc. (“CFD Investments”). Mr. Breagy possesses

FINRA Central Registration Depository (“CRD”) #2260295. His most recent office address with CFD Investments is 7426 US Highway 42, Suite 101, Florence, Kentucky 41042.

STATEMENT OF FACTS

3. On August 14–15, 2019, the Department’s Division of Securities conducted a routine compliance examination of the CFD Investments branch office where Breagy worked in Florence, Kentucky.
4. In the course of the Department’s examination, CFD Investments provided the Department access to a random sample of CFD Investments’ clients’ files.
5. The Department’s review identified an annuity exchange transaction brokered by Breagy for a client whereby an indexed annuity application was completed on December 27, 2018. Breagy submitted paperwork to CFD Investments for that transaction to be reviewed and approved. The transaction was approved by his firm.
6. Breagy asserts that, owing to an inaccurate annuity intelligence report, his client was not in fact eligible for the particular annuity product sought. Accordingly, Breagy worked with the client to complete a new application for the same annuity product with a different surrender schedule, which purchase was approved by the insurance carrier. The carrier issued the annuity to the client on or about February 19, 2019.
7. The proper course of action would have been for Breagy to re-submit the new paperwork to CFD Investments for review instead of submitting it directly to the carrier.

8. The Department believes sufficient evidence exists to find that Breagy violated 808 KAR 10:440, Section 2(3) in regard to that transaction. That regulation prohibits broker-dealer agents from effecting securities transactions not recorded on the regular books and records of the broker-dealer which the agent represents.

STATUTORY AUTHORITY

9. KRS 292.336(4) authorizes the Commissioner (thus, the Department) to conduct examinations of registered broker-dealers.

10. KRS 292.470 states, in pertinent part:

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).

11. KRS 292.500 states, in pertinent part:

(1) The administration of the provisions of this chapter shall be under the Department of Financial Institutions. . . .

- (2) The commissioner may promulgate, amend, and repeal administrative regulations, forms, and orders as are necessary to carry out the provisions of this chapter. . . .
 - (3) Every administrative hearing shall be conducted in accordance with KRS Chapter 13B and the provisions of this chapter, and shall be public unless the commissioner in his discretion grants a request joined in by all the respondents that the hearing be conducted privately. . . . [and]
 - (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, 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.
12. 808 KAR 10:440, Section 2 states, in pertinent part:

Broker-dealer agents shall observe high standards of commercial honor and just and equitable principles of trade in their dealings with customers. The following acts and practices shall constitute violations of those standards and principles and shall be considered to be dishonest and unethical practices that may result in a fine, suspension, or revocation in proportion to the seriousness of the offense, pursuant to KRS 292.337(1): . . .

- (3) Effecting securities transactions not recorded on the regular books and records of the broker-dealer which the agent represents, unless the transactions are authorized in writing by the broker-dealer prior to execution of the transaction[.]

FINDINGS OF FACT AND CONCLUSIONS OF LAW

13. The Commissioner finds as follows:

13.1. That from on or about December 27, 2018, through on or about February 19, 2019, Respondent Breagy, CRD #2260295, violated 808 KAR 10:440, Section 2(3).

13.2. That it is in the public interest that Breagy be fined \$2,500.00 for that regulatory violation.

AGREEMENT AND ORDER

14. To resolve this matter without further litigation or other adversary proceedings, the Department and Breagy agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein.

15. In the interest of economically and efficiently resolving the violations described herein, the Department and Breagy hereby agree as follows:

16. Breagy agrees to pay a civil fine in the amount of \$2,500.00, due and payable immediately upon entry of this Agreed Order by the Commissioner.

17. All fine payments under this Agreed Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Breagy by the Department, or via certified check or money order made payable to "Kentucky State

Treasurer” and mailed to the Department of Financial Institutions, Securities Division, 2025-DFI-0004, 500 Mero Street, 2 SW 19, Frankfort, Kentucky 40601.

18. Breagy consents to and acknowledges the jurisdiction of the Department over this matter and recognizes that this Agreed Order is a matter of public record and may be disseminated as such.

19. In consideration of the execution of this Agreed Order, Breagy for himself and for his successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, the 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 Breagy ever had, now has, may have, or may claim to have against any or all of the persons or entities identified in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement, or its administration.

20. 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.

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

IT IS SO ORDERED on this the 10th day of March, 2025.


Marni Rock Gibson

MARNI ROCK GIBSON
Commissioner

Consented to by:

On behalf of the Kentucky Department of Financial Institutions,

This 4th day of February, 2025.



CHAD HARLAN
Assistant Director, Division of Securities
Kentucky Department of Financial Institutions

and by:

This _____ day of _____, 2025.

WILLIAM EDWARD BREAGY III
Respondent

ACKNOWLEDGEMENT

STATE OF _____ }
COUNTY OF _____ }

On this the _____ day of _____, 2025, before me _____, **William Edward Breagy** personally appeared, acknowledged himself to be the Respondent named herein, and acknowledged that he entered into and executed the foregoing Agreed Order for the purposes therein contained.

My commission expires: _____

Notary Public

Consented to by:

On behalf of the Kentucky Department of Financial Institutions,

This _____ day of _____, 2025.

CHAD HARLAN
Assistant Director, Division of Securities
Kentucky Department of Financial Institutions

and by:

This 28th day of February, 2025.

[Signature]

WILLIAM EDWARD BREAGY III
Respondent

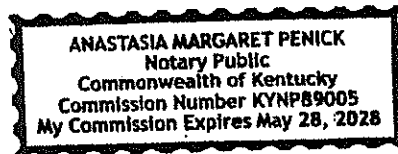
ACKNOWLEDGEMENT

STATE OF KY
COUNTY OF BOONE }

On this the 28 day of February, 2025, before me [Signature], William Edward Breagy personally appeared, acknowledged himself to be the Respondent named herein, and acknowledged that he entered into and executed the foregoing Agreed Order for the purposes therein contained.

My commission expires: KYVP 89005
[Signature]

Notary Public



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by electronic delivery to the following on the 11th day of March, 2025:

William Edward "Bill" Breagy III
CFD Investments, Inc.
7426 US Highway 42
Suite 101
Florence, Kentucky 41042
Bill.Breagy@cfdinvestments.com
Respondent

Michael Barnett
Staff Attorney
Department of Financial Institutions
500 Mero Street
2 SW 19
Frankfort, Kentucky 40601
michael.barnett@ky.gov



Department of Financial Institutions

Name: Allison Reed

Title: Executive Staff Advisor