STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102

In the Matter of:

Kevin Mark Reed (CRD #2467725),

Respondent.

ODS File 17-009

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities ("Administrator").

2. That a copy of the Notice of Opportunity for Hearing ("Notice") with Enforcement Division Recommendation ("Recommendation") attached was delivered to Affiant in the office of the Administrator pursuant to Section 1-611 of the Oklahoma Uniform Securities Act ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).

3. That the Administrator has received service of process on behalf of Respondent, pursuant to Section 1-611 of the Act.

4. That a copy of the Notice, with the Recommendation attached, and a copy of this Notice of Service on the Administrator and Affidavit of Compliance are being sent this 12th day of October, 2016, by certified mail, return receipt requested, delivery restricted, to the last known address of Respondent, in compliance with Section 1-611 of the Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 12th day of October, 2016.

(SEAL)

IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

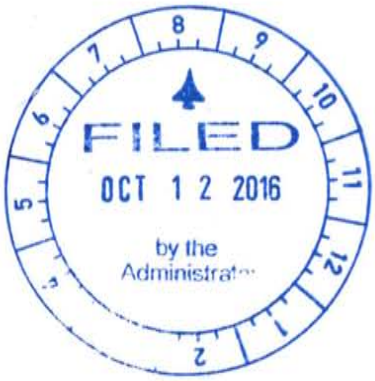
Subscribed and sworn to before me this 12th day of October, 2016.

(SEAL)

BRENDA LONDON
Notary Public
State of Oklahoma
Commission # 05009046 Expires 09/28/17

Brenda London
Notary Public

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Kevin Mark Reed (CRD #2467725),

Respondent.

ODS File 17-009

NOTICE OF OPPORTUNITY FOR HEARING

1. On the 11th day of October, 2016, the attached Enforcement Division Recommendation ("Recommendation"), in support of the imposition of sanctions on Kevin Mark Reed ("Respondent") pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011), was left in the office of the Administrator of the Oklahoma Department of Securities ("Administrator").

2. Pursuant to 660:2-9-1 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (effective August 1, 2013) ("Rules") and Section 1-411 of the Act, the Administrator hereby gives notice to Respondent of his obligation to file an answer and his right to request a hearing to show why an order based on the Recommendation should not be issued.

3. The answer must be in writing and received by the Administrator within fifteen (15) days after service of this Notice. As required by 660:2-9-2 of the Rules, the answer shall indicate whether Respondent requests a hearing and shall specifically admit or deny each allegation contained in the Recommendation or state that Respondent does not have, and is unable to obtain, sufficient information to admit or deny each allegation. If Respondent intends in good faith to deny only a part of an allegation, Respondent shall specify so much of it as is true and shall deny only the remainder.

4. Failure to file an answer in compliance with 660:2-9-2 of the Rules, to include a request for a hearing as provided for herein, shall result in the issuance of an order denying Respondent's application for registration under the Act as an agent of Packerland Brokerage Services, Inc., and barring Respondent from registration in any capacity under the Act, pursuant to Section 1-411 of the Act and 660:2-9-2 of the Rules.

5. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on the Recommendation shall be promptly scheduled or a written order denying hearing shall be issued.

6. Notice of the date, time, and location of the hearing shall be given to Respondent not less than forty-five (45) days in advance thereof, pursuant to 660:2-9-2 of the Rules.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 12th day of October, 2016.

(SEAL)

IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 12th day of October, 2016, a true and correct copy of the above and foregoing *Notice of Opportunity for Hearing* and the *Enforcement Division Recommendation* were mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Mr. Kevin M. Reed
12606 Great Pines Cove
Ft. Wayne, IN 46845

Brenda London, Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
204 NORTH ROBINSON, SUITE 400
OKLAHOMA CITY, OKLAHOMA 73102

In the Matter of:

Kevin Mark Reed (CRD #2467725),

Respondent. ODS File 17-009

ENFORCEMENT DIVISION RECOMMENDATION

The Enforcement Division of the Oklahoma Department of Securities ("**Department**") submits the following Findings of Fact, Authorities, and Conclusions of Law to the Administrator of the Department ("**Administrator**") in support of the imposition of sanctions on Kevin Mark Reed ("**Respondent**"), pursuant to Section 1-411 of the Oklahoma Uniform Securities Act of 2004 ("**Act**"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011).

Findings of Fact

Respondent

1. Respondent is, and has been at all material times, a resident of Fort Wayne, Indiana.

2. Respondent applied for registration under the Act as an agent of Packerland Brokerage Services, Inc., on August 19, 2016. Respondent's application is pending.

3. Respondent was registered under the Act as an agent of Fifth Third Securities, Inc., from May 25, 2010, until July 13, 2016.

4. Respondent entered the securities industry in or before 1994 and registered under Oklahoma's securities laws for the first time in 2002.

Altered and Falsified Documents

Customer SM

5. On July 5, 2016, Respondent cut Customer SM's signature off of an internal document, taped it onto another form that authorized a deposit of a rollover

contribution into an IRA, and photocopied it without the client's knowledge in order to move forward with the transaction.

Customer PB

6. On June 17, 2016, while associated with Fifth Third Securities, Respondent attempted to initiate a $42,000 transaction in a structured note on behalf of Customer PB.

7. In connection with the transaction, Customer PB signed a form entitled, "Acknowledgment of Financial Acumen and Receipt of Disclosure," that reported her liquid net worth, after the transaction, to be $158,000 and her total liquid net worth to be $200,000. The form also reflected that Customer PB had no other holdings in structured products.

8. In an email dated June 20, 2016, the Principal Review Desk at Fifth Third Securities notified Respondent of the following, regarding the June 17th transaction:

> The attached sale is a NIGO. The client currently holds $44k in a structured CD in this account. Per the below [structured products update, dated May 19, 2014,] they may not hold over 25% LNW in structured products (it's not 25% in CD's, and 25% in notes, its 25% overall). Please confirm the information in the attached PDF is correct. If the clients [sic] LNW is $200K, the $42K purchase must be reduced to $6K for the client to be within the guidelines below. Please resolve this by T+7, otherwise the trade will be cancelled."

9. After receiving the notice, Respondent changed, and resubmitted for approval, the "Acknowledgment of Financial Acumen and Receipt of Disclosure" form to reflect a $358,000 liquid net worth and a $400,000 total liquid net worth, without obtaining additional signatures or initials from Customer PB.

Customer DL

10. On September 25, 2015, Respondent submitted an "Acknowledgment of Financial Acumen and Receipt of Disclosure," signed by Customer DL, for the purchase of a structured note in a trust account for which Customer DL is the trustee. The form contained "N/A" in the blank designated for the client's age.

11. Respondent was notified by Fifth Third Securities that the age of the trustee(s) should be noted in the blank designated for the client's age.

12. After receiving the notification, Respondent crossed out the "N/A" and replaced it with "83/82" and resubmitted the form without having Customer DL initial the change.

Customer MM

13. On April 2, 2015, Customer MM signed a Fifth Third Securities form, completed in handwriting, to designate beneficiaries for his account.

14. On April 13, 2015, Respondent was notified by a Principal Review Specialist for Fifth Third Securities that the form was rejected because the percent designated to the beneficiaries of each category (primary and contingent) did not total 100.

15. The April 13th notification specifically stated, in pertinent part: "Changes to the paperwork must be initialed by the client."

16. After receiving the notification, Respondent typed the first page of the beneficiary designation form, thereby changing a contingent beneficiary to a primary beneficiary, and resubmitted the new first page with the initial signatory page. The changes were not initialed by Customer MM.

Termination from Fifth Third Securities

17. Respondent was discharged by Fifth Third Securities for altering customer documentation.

18. On the day he was discharged, Respondent completed an Employee Written Statement that stated the following:

> We discussed 4 cases which were about clients that I rather selfishly took the easy way out. [Customer PB] I changed the net worth. [Customer MM] where the front page was retyped and faxed. I believe the other was [Customer DL] where I filled in the ages next to the N/A. The last was [Customer SM] where the signature was copied. I was careless and took shortcuts instead of having the client initial.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authority

1. Rule 660:11-5-42 of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities ("Rules") (effective August 1, 2013) states, in pertinent part:

> (a) **Purpose.** This rule is intended to set forth the standards of ethical practices for broker-dealers and their agents. Any noncompliance with the standards of ethical practices specified in this section will constitute unethical practices in the securities

business; however, the following is not intended to be a comprehensive listing of all specific events or conditions that may constitute such unethical practices. The standards shall be interpreted in such manner as will aid in effectuating the policy and provisions of the Securities Act, and so as to require that all practices of broker-dealers, and their agents, in connection with their activities in this state shall be just, reasonable and not unfairly discriminatory.

(b) **Standards.**

(1) A broker-dealer and his agents, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. A broker-dealer and his agents shall not violate any federal securities statute or rule or any rule of a national securities exchange or national securities association of which it is a member with respect to any customer, transaction or business effected in this state.

2. Section 1-411 of the Act provides, in pertinent part:

A. If the Administrator finds that the order is in the public interest and subsection D of this section authorizes the action, an order issued under this act may deny an application, or may condition or limit registration:

1. Of an applicant to be a broker-dealer, agent, investment adviser, or investment adviser representative; and

2. If the applicant is a broker-dealer or investment adviser, any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser.

* * *

C. If the Administrator finds that the order is in the public interest and paragraphs 1 through 6, 8, 9, 10, 12 or 13 of subsection D of this section authorizes the action, an order under this act may censure, impose a bar, impose a civil penalty in an amount not to exceed a maximum of Five Thousand Dollars ($5,000.00) for a single violation or Two Hundred Fifty Thousand Dollars ($250,000.00) for multiple violations on a registrant, and/or recover the costs of the investigation from a registrant and if the registrant

is a broker-dealer or investment adviser, from any partner, officer, or director, any person having a similar function or any person directly or indirectly controlling the broker-dealer or investment adviser.

D. A person may be disciplined under subsections A through C of this section if the person:

* * *

13. Has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business within the previous ten (10) years[.]

* * *

G. An order may not be issued under this section, except under subsection F of this section, without:

1. Appropriate notice to the applicant or registrant;

2. Opportunity for hearing; and

3. Findings of fact and conclusions of law in a record in accordance with the Administrative Procedures Act. If the person to whom the notice is addressed does not request a hearing within fifteen (15) days after the service of notice is effective, a final order as provided in subsection A, B or C of this section may be issued.

Conclusions of Law

1. Respondent has engaged in dishonest and unethical practices in the securities business within the previous ten years by failing to observe high standards of commercial honor and just and equitable principles of trade through the falsification, and alteration without the customer's signature or initials, of customer documentation.

2. The Administrator is authorized under Section 1-411 of the Act to deny an application for registration under the Act and to bar Respondent from registration in any capacity under the Act.

3. It is in the public interest for the Administrator to deny Respondent's application for registration under the Act and to bar Respondent from registration in any capacity under the Act.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator issue an order denying Respondent's application for registration under the Act and barring Respondent from registration in any capacity under the Act.

Respectfully submitted,

Terra Shamas Bonnell
Enforcement Attorney
Oklahoma Department of Securities
204 North Robinson, Suite 400
Oklahoma City, OK 73102
(405) 280-7715
tbonnell@securities.ok.gov

7015 0640 0004 8676 8244

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only Notice 17-009 TB

For delivery information, visit our website at *www.usps.com®*.

OFFICIAL USE

Certified Mail Fee
$ 330

Extra Services & Fees *(check box, add fee as appropriate)*
- ☐ Return Receipt (hardcopy) $ 270
- ☐ Return Receipt (electronic) $
- ☑ Certified Mail Restricted Delivery $ 495
- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

Postage
$ 11.62

10/12/16

Postmark Here

Mr. Kevin M. Reed
12606 Great Pines Cove
Ft. Wayne, IN 46845

for Instructions

Notice 17-009 TB

SENDER: *COMPLETE THIS SECTION*

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Kevin M. Reed
12606 Great Pines Cove
Ft. Wayne, IN 46845

9590 9402 1524 5362 1064 69

2. Article Number *(Transfer from service label)*
7015 0640 0004 8676 8244

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x [signature]
☐ Agent
☒ Addr

B. Received by *(Printed Name)*
KEVIN M REED

C. Date of
10-17

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☒ No

3. Service Type

☐ Adult Signature	☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery	☐ Registered Mail™
☐ Certified Mail®	☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery	☐ Return Receipt for Merchandise
☐ Collect on Delivery	☐ Signature Confirmation™
☒ Collect on Delivery Restricted Delivery	☐ Signature Confirmation Restricted Delivery
☐ Insured Mail	
☐ Insured Mail Restricted Delivery (over $500)	

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt