

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

CHRISTOPHER PARR (CRD NO. 2110651)

Docket No. 18E001

Respondent.

KSC No.2017-6435

_____/ Pursuant to K.S.A. 17-12a412

CONSENT ORDER

1. The Staff of the Securities Commissioner of Kansas (“KSC Staff”) alleges that Respondent Christopher Parr (“Parr”) engaged in conduct that constitutes violations of the Kansas Uniform Securities Act and that Respondent is subject to discipline pursuant to K.S.A. § 17-12a604.
2. Respondent and KSC Staff desire to settle the matters raised by KSC Staff relating to Respondent’s alleged violations.

I. CONSENT TO JURISDICTION

3. Respondent and the KSC Staff stipulate and agree that the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Respondent and this matter pursuant to the Kansas Uniform Securities Act, K.S.A. §§ 17-12a101-17-12a703 (“KUSA”).
4. Respondent and the KSC Staff stipulate and agree that the Commissioner has authority to enter this Order pursuant to K.S.A. § 17-12a604.

II. WAIVER AND EXCEPTION

5. Respondent waives his right to a hearing with respect to these matters.
6. Respondent waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever

releases and holds harmless the Kansas Securities Commissioner, the KSC Staff and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

7. Respondent stipulates and agrees that, should the facts contained herein prove to be false or incomplete, KSC Staff reserves the right to pursue any and all legal and administrative remedies at its disposal.

III. CONSENT TO COMMISSIONER'S ORDER

8. Respondent and KSC Staff agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without a factual basis. Nothing in this Order affects Respondent's: (a) testimonial obligation, or (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party.

IV. FINDINGS OF FACT

10. This action is brought by the KSC Staff on behalf of the Office of the Kansas Securities Commissioner (the "KSC"), a Division of the Kansas Insurance Department ("KID").
11. Respondent Christopher Parr ("Parr"), CRD # 2110651, is a resident of Kansas. His current address is believed to be [REDACTED] based on his entry in the CRD.
12. Parr was affiliated with KCD Financial, Inc., CRD # 127473, from December 11, 2006 to April 4, 2017. Parr was registered with the KSC until April 4, 2017 but is currently

unregistered. Parr was registered at the time of the conduct described below and was operating as a Broker-Dealer Agent.

13. The Commissioner has jurisdiction over Respondent and this matter. The following Order is in the public interest and is consistent with the purposes intended by the Kansas Uniform Securities Act.

14. This matter originated as a referral from KID to the KSC on March 2, 2017.

Prohibited Loan and Non-Disclosure of Prior Loans

15. In February of 2017, an insurance agent and investment advisor was reviewing documents associated with the [REDACTED] and discovered what appeared to be loan documents between Parr and CFT.

16. CFT is a trust, of which [REDACTED] are the trustees.

17. The [REDACTED] were clients of Parr at KCD Financial, Inc. beginning approximately August 23, 2013 until Parr's termination by KCD Financial, Inc. on March 31, 2017.

18. Being aware of the advisor-client relationship between Parr and the [REDACTED], the insurance agent and investment advisor reported this activity to KID and ultimately an investigation was conducted.

19. Senior Examiner [REDACTED] was assigned by the KSC to conduct this investigation.

20. In conducting the investigation, [REDACTED] verified that the following loans existed or had existed:

- a. A promissory note dated March 4, 2011 in the amount of \$500,000 with a 10% annual interest rate ("Loan 1").

- b. A promissory note dated November 2, 2011 in the amount of \$250,000 with a 7% annual interest rate (“Loan 2”).
- c. A promissory note dated August 9, 2016 for the amount of \$950,000 with a 6.5% annual interest rate.

21. In conducting the investigation, [REDACTED] found the following payment activities had been made in regard to the above loans:

- d. The entire principal amount of \$500,000 was paid on Loan 1 on March 30, 2012, however, \$50,000 in interest was not paid but was extended. In 2014, 2015, and 2016 Parr made yearly payments of \$5,683.73. On December 29, 2016, \$57,179.86 was paid which constituted the full amount outstanding on Loan 1. The proceeds of Loan 3 were used to pay off the balance of this loan in December of 2016.
- e. On December 19, 2013, Parr paid \$9,990.42 constituting 6 months of interest. In 2014, 2015, and 2016 Parr made yearly payments of \$20,220.18. On December 29, 2016, \$290,078.32 was paid which constituted the full amount outstanding on Loan 2. The proceeds of Loan 3 were used to pay off the balance of this loan in December of 2016.
- f. On January 24, 2017, Parr paid \$28,422.24 in interest as well as \$100,000 of principal. The CFT exchanged the remaining \$850,000 for 850,000 units of First Capital Wealth Management, LLC (“FWC”), thereby, satisfying Loan 3.

22. FWC is a Kansas Limited Liability Company formed December 19, 2016 with a mailing address of 10925 Antioch Road, Ste. 100, Overland Park, KS 66210. Parr is the Resident Agent and sole organizer of FWC. After the January 24, 2017, transaction CFT owned 85% of FWC and Parr owned 15%.

23. At the time of Loan 1 and Loan 2 (March 4, 2011 and November 2, 2011) the [REDACTED] were not securities clients of Parr or KCD.
24. The [REDACTED] became clients of KCD on August 22, 2013.
25. The [REDACTED] requested that a KCD securities account be opened for them because their broker-dealer, where they held their securities accounts, informed them that that broker-dealer could no longer custody a REIT that they owned.
26. As a result, the [REDACTED] asked KCD if it would allow them to carry the REIT in an account there. KCD did allow it, so the account was opened. Mr. Parr did not make any recommendations to the [REDACTED] with regard to the REIT or any or securities investment the [REDACTED] made. Mr. Parr considered this an unassigned account of KCD, and did not advise the [REDACTED] on this account.
27. While Mr. Parr was aware of the REIT, he met with, communicated with and advised the [REDACTED] solely on insurance matters. He considered the [REDACTED] to be insurance only customers.
28. On June 12, 2015, Parr executed a "Pre-Office Review Questionnaire" to KCD Financial, Inc. In response to the question "[h]ave you borrowed money from a customer other than those of your immediate family members," Parr answered "No." Parr also did not list any customers in the space provided to respond to this question.
29. Mr. Parr submitted this Questionnaire to KCD believing it to be accurate, based on the fact that the initial loans to the [REDACTED] were created prior to the [REDACTED] opening an account with KCD; moreover, the loans were not related to either the [REDACTED] securities or insurance accounts. Since no securities activities were made after the REIT was transferred and no fees or commissions were charged, generated or received from the KCD account, Mr. Parr viewed

the [REDACTED] KCD account as an unassigned house account of KCD and from that point forward simply did not recognize or remember that the [REDACTED] were, technically, securities clients under his registration

30. On June 17, 2015, Parr again represented that he had never “borrowed or lent money from/to customers” on his audit questionnaire provided to KCD Financial, Inc. in the context of Parr’s audit by KCD Financial, Inc.

31. Mr. Parr submitted this Questionnaire to KCD believing it to be accurate, based on the fact that the initial loans were created prior to the [REDACTED] opening an account with KCD and because the loans were not related to either the securities or insurance accounts. Since no securities activities were made after the REIT was transferred and no fees or commissions were charged, generated or received from the KCD account, Mr. Parr viewed the [REDACTED] KCD account as an unassigned house account of KCD and from that point forward simply did not recognize nor remember that the [REDACTED] were, technically, securities clients under his registration.

32. On November 2, 2015, Parr represented to KCD Financial, Inc. that he had not and would not “borrow or lend money to or from a customer” on his 2015 Representative Annual Compliance Declaration to KCD. In addition, Parr represented that he would “not enter into any business transaction jointly with a client without the specific written approval of KCD including...entering into a loan, [or] promissory note...”

33. Mr. Parr submitted this Questionnaire to KCD believing it to be accurate, based on the fact that the initial loans were created prior to the [REDACTED] opening an account with KCD and because the loans were not related to either the securities or insurance accounts. Since no securities activities were made after the REIT was transferred and no fees or commissions

were charged, generated or received from the KCD account, Mr. Parr viewed the [REDACTED] KCD account as an unassigned house account of KCD and from that point forward simply did not recognize nor remember that the [REDACTED] were, technically, securities clients under his registration.

34. On October 20, 2016, Parr represented to KCD Financial, Inc. that he had not and would not “borrow or lend money to or from a customer” on his 2016 Representative Annual Compliance Declaration. In addition, Parr represented that he would “not enter into any business transaction jointly with a client without the specific written approval of KCD including...entering into a loan, [or] promissory note...”

35. Mr. Parr submitted this Questionnaire to KCD believing it to be accurate, based on the fact that the loan was a personal loan and consistent with previous loans that were not related to either the securities or insurance accounts. At the time of the creation of the KCD securities account, and since no securities activities were made after the REIT was transferred, Mr. Parr viewed the [REDACTED] KCD account as an unassigned house account of KCD and from that point forward simply did not recognize nor remember that the [REDACTED] were, technically, securities clients under his registration.

36. No written approval by KCD Financial was produced in the course of the investigation related to the promissory note associated with Loan 3 described above.

II. CONCLUSIONS OF LAW

37. The Commissioner has jurisdiction over Respondent and this matter.

38. Under K.S.A. 17-12a412(d)(2), a person may be disciplined under K.S.A. 17-12a412(a)-(c) if the person “willfully violated or willfully failed to comply with this act ... or rule adopted...under this act...”

39. K.A.R. 81-3-6(e)(22) states that “[a]n agent shall not lend or borrow money or securities from a customer.”

40. Pursuant to K.S.A. 17-12a412(c), discipline for violations of K.S.A. 17-12a412(d)(2) may include: (1) a censure; (2) a bar or suspension from association with an IA registered in this state; (3) a civil penalty of up to \$25,000 for each violation; (4) an order requiring the registrant to pay restitution for any loss or disgorge any profits arising from a violation, including, in the Administrator’s discretion, the assessment of interest from the date of the violation at the rate provided for interest on judgments by K.S.A. 16-204, and amendments thereto; (5) an order charging the registrant with the actual cost of an investigation or proceeding; or (6) an order requiring the registrant to cease and desist from any action that constitutes a ground for discipline, or to take other action necessary or appropriate to comply with the KUSA.

Prohibited Loan and Non-Disclosure of Prior Loans

41. Respondent violated K.A.R. 81-3-6(e)(22) by entering into Loan 3 as described above which constitutes grounds for discipline under K.S.A. 17-12a412(d)(2).

VI. ORDER

IT IS, THEREFORE ORDERED by the Securities Commissioner of Kansas that Respondent is ordered to pay twenty-five thousand dollars (\$25,000) to the Investor Education and Protection Fund. Payment shall be made within 90 days after the issuance of this order and delivered to the Office of the Kansas Securities Commissioner, 109 SW 9th St., Ste. 600, Topeka, KS 66612. Such payment shall be in the form of a cashier’s check or money order made out to the Office of the Kansas Securities Commissioner.

Entered at Topeka, Kansas this 9th day of November, 2017.



[Signature]

John R. Wine, JR. 11-13-17
Securities Commissioner

CONSENTED TO BY:

[Signature]

Ryan A. Kriegshauser
General Counsel
Office of the Kansas Securities Commissioner

[Signature]

Christopher Parr
Respondent

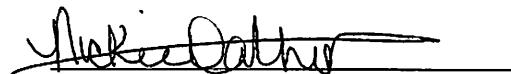
CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of November, 2017, a copy of the above Consent

Order was sent via electronic mail to the Following:

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