

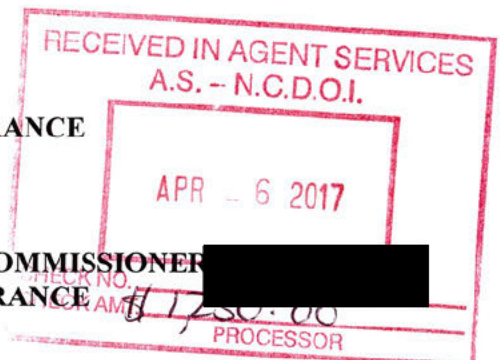
**NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

**IN THE MATTER OF THE LICENSURE  
OF HORNOR, TOWNSEND & KENT, INC.  
CORPORATE LICENSE: 1000009356**

**VOLUNTARY SETTLEMENT  
AGREEMENT**



**NOW COME, HORNOR, TOWNSEND & KENT, INC.**, (hereinafter "HTK") and the North Carolina Department of Insurance (hereinafter "Department"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

**WHEREAS**, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents and business entities; and

**WHEREAS**, HTK currently holds a non-resident Corporation (Business Entity) License with the Department; and

**WHEREAS**, North Carolina Gen. Stat. § 58-33-46(a)(2) authorizes the Commissioner of Insurance to place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of the North Carolina General Statutes for violating any insurance law of this or any other state; and

**WHEREAS**, North Carolina General Statute § 58-33-32(k) requires designated producers on behalf of the licensed business entity to report to the Commissioner any administrative action taken against the producer in another state or by another governmental agency in this State including enforcement actions taken against the producer by the Financial Industry Regulatory Authority (FINRA), within 30 days after the final disposition of the matter; and

**WHEREAS**, HTK was the subject of an administrative action taken by the Oklahoma Department of Insurance effective August 10, 2016 in which HTK was censured and fined in the amount of \$500.00 for providing incorrect, misleading or materially untrue information in the license application and failure to report any administrative action taken against the producer in another jurisdiction, which administrative action was not reported to the N.C. Department of Insurance in a timely manner as required by North Carolina General Statute §§ 58-33-32(k); and

**WHEREAS**, HTK entered into a Letter of Acceptance, Waiver and Consent (AWC) with FINRA, resolved as of October 3, 2012, by which the firm neither admitted nor denied allegations that it failed to establish and maintain a supervisory system and establish maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with the rules and regulations concerning subsequent transactions in direct application business involving previously purchased mutual funds; and failed to prepare blotters as required by Rule 17a-3(a) (1) promulgated under the Securities and Exchange Act of 1934 for which HTK was censured and agreed to pay a monetary fine in the amount of \$150,000.00; and

**WHEREAS**, North Carolina General Statute § 58-33-46a)(1) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of North Carolina for providing materially incorrect, misleading, incomplete, or materially untrue information in the license application; and

**WHEREAS**, HTK on its license renewal applications for the license years 2013-2014 through 2016-2017 answered "No" to the question: "Has the business entity, or any owner, partner, officer or director of the business entity, or member or manager of a limited liability company, been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license, or registration which has not been previously reported to this insurance department?" and

**WHEREAS**, HTK admits to these violations of North Carolina General Statutes §§ 58-33-32(k) and 58-33-46a)(1); and

**WHEREAS**, HTK has agreed to settle, compromise, and resolve the matters referenced in this Agreement, and the Department has agreed not to pursue additional penalties, sanctions, remedies, or restitution based on these matters against HTK; and

**WHEREAS**, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing, and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

**NOW, THEREFORE**, in exchange for the consideration and promises and agreements set out herein, HTK and the Department hereby agree to the following:

1. Immediately upon the signing of this Agreement, HTK shall pay a civil penalty of **\$1250.00** to the Department. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "North Carolina Department of Insurance." HTK shall remit the civil penalty by certified mail, return receipt requested, to the Department along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Department no later than **April 24, 2017**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. This Agreement does not in any way affect the Department's disciplinary power in any future examination of HTK, or in any other complaints involving HTK.
3. HTK enters into this Agreement freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter. HTK understands it may consult with an attorney prior to entering into this Agreement.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. HTK understands that N.C.G.S. § 58-33-46(a)(2) provides that a business entity's license may be revoked for violating an Order of the Commissioner.



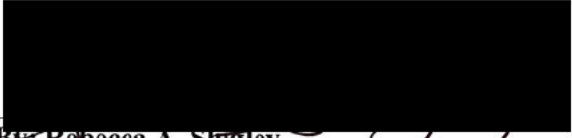
5. This Agreement, when finalized, will be a public record and will not be held confidential by the Department. Following the execution of this Agreement, any and all licenses issued by the Department to HTK shall reflect that Regulatory Action has been taken against it. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Department routinely provides copies of voluntary settlement agreements to all companies that have appointed the licensee.
6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
7. Be aware that if a state or federal regulator other than the N. C. Department of Insurance has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The N.C. Department of Insurance cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

This the 11<sup>th</sup> day of April, 2017.

**HORNOR, TOWNSEND & KENT, INC.**  
License No. 1000009356

**North Carolina Dept. of Insurance**

By:   
Michelle Barry  
President & CEO

By:   
Rebecca A. Singley  
Deputy Commissioner