

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )

KENNETH, JEROME & CO., INC. )

MARY ELIZABETH O'BRIEN )

ROBERT LEWIS KAPLON )

RESPONDENTS )

ADMINISTRATIVE ORDER

NO. OV-2006-0011

ORDER TO VACATE

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENTS

1. KENNETH, JEROME & CO., INC. ("KJC"), Central Registration Depository ("CRD") #15541, is represented to be a Delaware corporation, registered as a broker-dealer in the State of Alabama continuously since September 28, 1998, with a business address of 147 Columbia Turnpike, Florham Park, New Jersey 07932.

2. MARY ELIZABETH O'BRIEN ("O'BRIEN"), CRD #1070643, the Secretary/Treasurer of KJC, is an individual registered as a broker-dealer agent in State of Alabama with KJC from May 18, 2005 through March 23, 2006, with a business address of 147 Columbia Turnpike, Florham Park, New Jersey 07932.

3. ROBERT LEWIS KAPLON ("KAPLON"), CRD #264206, an individual not registered as an agent in Alabama, is currently a New Jersey registered agent and the President and Chief Compliance Officer of KJC with a business address of 147 Columbia Turnpike, Florham Park, New Jersey 07932.

### STATEMENT OF FACTS

4. On November 26, 1997, KJC submitted application fees electronically through the CRD for broker-dealer registration in the State of Alabama.

5. On December 2, 1997, KAPLON submitted an application for broker-dealer agent registration in the State of Alabama through the CRD. The application was withdrawn through the CRD on January 13, 1998, without registration.

6. On September 28, 1998, KJC's application for broker-dealer registration was approved in the State of Alabama.

7. On December 27, 2004, the Commission staff received a roster from the CRD detailing the names of all broker-dealers and the number of each firm's broker-dealer agents that renewed registration in Alabama for 2005. The roster reflected that KJC renewed its broker-dealer registration but did not renew registration for any agents.

8. On February 14, 2005, a CRD report reflected that KJC did not have any registered agents in the State of Alabama.

9. On February 16, 2005, the Commission staff issued correspondence notifying KJC that broker-dealer renewal fees had been received but fees had not been received renewing agent registration in the State of Alabama. KJC was requested to submit a list detailing all names and registration dates for those agents affecting securities transactions on behalf of investors in the State of Alabama.

10. On February 24, 2005, a response was received from O'BRIEN, stating that KAPLON "has, to our knowledge, been registered as an agent in Alabama, since 1998...He has been the President of Kenneth Jerome & Co., Inc. since 1998..."

11. On March 8, 2005, the Commission staff issued correspondence to O'BRIEN advising that Commission records reflected that KAPLON has never been registered as a broker-dealer agent with KJC in the State of Alabama.

12. On March 23, 2005, O'BRIEN submitted a response stating that "we were never made aware that...Mr. KAPLON's registration had been terminated in Alabama." The response also reflected that nine securities transactions were effected in 2003 and twelve securities transactions were effected in 2004 by KJC on behalf of Jack E. Green of Magnolia Springs, Alabama. KAPLON and O'BRIEN were reflected to be the broker-dealer agents on the securities transaction confirmations.

13. On May 18, 2005, RESPONDENT O'BRIEN submitted an electronic application through the CRD and was automatically approved as a broker dealer agent with RESPONDENT KJC in the State of Alabama.

14. On March 8, 2006, a Show Cause Order was issued to RESPONDENT KJC, RESPONDENT O'BRIEN, and RESPONDENT KAPLON for effecting securities transactions in the state of Alabama during 2003 and 2004 without benefit of agent registration. CRD records reflected that O'BRIEN was registered as an Alabama broker dealer agent on May 18, 2005 and was not registered as a broker dealer agent in the State of Alabama during the time period in which securities transactions were effected on behalf of the Alabama investor.

15. On April 3, 2006, the Commission staff received a response from RESPONDENT KJC to the Order to Show Case which advised that there was no intent to deliberately circumvent Alabama Securities Commission Regulations. Documentation reflected that RESPONDENT KJC had advised the one Alabama investor to transfer his account to another Broker Dealer and RESPONDENT KJC would file Form BDW to terminate its Broker Dealer registration in the State of Alabama.

16. On April 17, 2006, a review of CRD records by the Commission staff reflected that RESPONDENT KJC had terminated its broker dealer registration in the State of Alabama

effective April 12, 2006 and RESPONDENT O'BRIEN had terminated broker dealer agent registration in Alabama effective March 23, 2006.

17. Based upon good cause shown, the Show Cause Order, Administrative Order No. SC-2006-0011, issued to RESPONDENTS KENNETH, JEROME & CO., INC., MARY ELIZABETH O'BRIEN, and ROBERT LEWIS KAPLON on March 8, 2006, is hereby vacated.

Entered at Montgomery, Alabama, this 12<sup>th</sup> day of May, 2006.



ALABAMA SECURITIES COMMISSION  
770 Washington Avenue, Suite 570  
Montgomery, AL 36130-4700  
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

JOSEPH P. BORG  
Director