

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF )  
KENNETH, JEROME & CO., INC. ) ADMINISTRATIVE ORDER  
MARY ELIZABETH O'BRIEN )  
ROBERT LEWIS KAPLON )  
RESPONDENTS ) NO. SC-2006-0011

ORDER TO SHOW CAUSE WHY REGISTRATION AS A  
BROKER-DEALER AND BROKER-DEALER AGENT SHOULD NOT BE REVOKED  
AND BROKER-DEALER AGENT SHOULD NOT BE BARRED

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:

RESPONDENT

1. KENNETH, JEROME & CO., INC. ("KJC"), Central Registration Depository ("CRD") #15541, is represented to be a Delaware corporation, registered as a broker-dealer in 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 the State of Alabama with KJC as of May 18, 2005, 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.

allowed agents to effect transactions in securities in the State of Alabama without proper registration. Correspondence from KJC reflects that "Mr. Kaplon has, to our knowledge, been registered as an agent in Alabama since 1998." CRD records reflect that the application for agent registration was withdrawn through the CRD by KJC without registration on January 13, 1998, and that KAPLON has never been registered as an agent with KJC in the State of Alabama. Therefore, KJC should have known that KAPLON was not registered as a broker-dealer agent in the State of Alabama. Additionally, an application for broker-dealer agent registration in the State of Alabama was not filed on behalf of O'BRIEN until May 18, 2005. Records do not reflect agent registration in the State of Alabama for KAPLON or O'BRIEN during the time transactions were affected for Alabama investors. Further, KJC was fined in May 1998 for failure to supervise in that KJC allowed an unregistered agent to effect securities transactions in the State of Alabama.

16. Pursuant to Code of Alabama, 1975, Section 8-6-3(j)(10), the Commission may by order suspend or revoke any registration if the Commission finds that the order is in the public interest and that the registrant has failed to reasonably supervise his agents or employees. KJC allowed KAPLON and O'BRIEN to affect multiple securities transactions in the State of Alabama without benefit of registration as broker-dealer agents.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

Further, this Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Alabama Securities Act.

ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENT, KENNETH, JEROME & CO., INC. demonstrate why registration as a broker-dealer in the State of Alabama should not be revoked.

IT IS HEREBY ORDERED that RESPONDENT, MARY ELIZABETH O'BRIEN demonstrate why registration as a broker-dealer agent in the State of Alabama should not be revoked.

## **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. On December 2, 1997, the National Association of Securities Dealers Regulation (NASDR) furnished information and documentation to the Commission regarding an examination of a broker-dealer agent of KJC who was discovered during an NASDR examination to have effected securities transactions on behalf of Alabama residents without appropriate registration in the State of Alabama. On December 8, 1997, the Commission staff issued a letter to KJC advising that a broker-dealer application must be submitted directly to the Commission. On January 8, 1998, the Commission staff issued a deficiency letter to KJC in which KJC was requested to provide, among other items, a statement of undertaking regarding any prior activity in the state of Alabama. On January 11, 1998, KJC submitted a request through the CRD to withdraw its pending broker-dealer application. On April 24, 1998, KJC submitted a request to the Commission to cancel its request for withdrawal of the pending broker-dealer application and thereby continue with the registration process.

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

6. On May 7, 1998, KJC and the Alabama Securities Commission entered into a Consent Order in which Malcolm Kanan, an agent of KJC, and KJC paid a fine of \$1,500 for effecting securities transactions in the State of Alabama without proper registration and the failure by KJC to supervise in allowing an unregistered agent to effect securities transactions in the State of Alabama. The Consent Order was signed by Robert L. Kaplon, President of KJC.

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

8. 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.

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

10. 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.

11. 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..."

12. 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.

13. 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 are reflected to be the broker-dealer agents on the securities transaction confirmations.

### **CONCLUSIONS OF LAW**

14. Pursuant to Code of Alabama, 1975, Section 8-6-3(a), it is unlawful to transact business in the State of Alabama as a dealer or agent for securities unless properly registered. Further it is unlawful for any dealer to employ an agent unless the agent is properly registered. KAPLON and O'BRIEN effected securities transactions with an Alabama resident without being properly registered as broker-dealer agents from September 28, 1998 until July 14, 2004.

15. Pursuant to Code of Alabama 1975, Section 8-6-3(j)(2), the Commission may by order suspend or revoke any registration if the Commission finds that the order is in the public interest and that the registrant has willfully failed to comply with any provisions of this article. KJC

FURTHERMORE, IT IS HEREBY ORDERED that ROBERT LEWIS KAPLON demonstrate why he should not be barred from registration or engaging in securities activities into, within or from the State of Alabama.

Entered at Montgomery, Alabama this the 8th day of March, 2006.

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

BY:

JOSEPH P. BORG  
Director

