**STATE OF NEW JERSEY**
**BUREAU OF SECURITIES**
**153 HALSEY STREET**
**P.O. BOX 47029**
**NEWARK, NEW JERSEY 07101**
**(973) 504-3600**

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| **IN THE MATTER OF:** | **CONSENT ORDER OF PENALTY ASSESSMENT** |
| **REGAL SECURITIES, INC.**<br>**(CRD NO. 7297).** | |

TO: Regal Securities, Inc.
950 Milwaukee Ave.
Suite 102
Glenview, IL 60025

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau Chief") by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. ("Securities Law"), and after investigation, review, and due consideration of the facts and statutory provisions set forth below, the Bureau Chief has determined that civil monetary penalties and other remedies be assessed against Regal Securities, Inc.

**WHEREAS,** the New Jersey Bureau of Securities ("Bureau") is the State agency with the responsibility to administer and enforce the Securities Law; and

**WHEREAS,** N.J.S.A. 49:3-67 authorizes the Bureau Chief from time to time to issue such Orders as are reasonably necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary and appropriate in the public interest for the protection of investors or consistent with the purposes fairly intended by the provisions of the Securities Law; and

**WHEREAS**, the Bureau has conducted an investigation into certain activities occurring in the Brick, New Jersey branch office of Regal Securities, Inc, during the period of December 1, 2005 until June 15, 2006 with the full cooperation of Regal Securities; and

**WHEREAS,** Regal Securities, Inc. and the Bureau Chief wish to resolve these issues without the expense and delay that formal administrative proceedings would involve; and

**WHEREAS,** Regal Securities, Inc. consents to the form and entry on this Consent Order without admitting or denying the allegations set forth herein; and

**WHEREAS,** the Bureau Chief has found that the entry of this Consent Order is appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Securities Law and regulations promulgated thereunder; and

**WHEREAS,** this Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against Regal Securities, Inc. for the conduct described herein.

## FINDINGS OF FACT

The Bureau Chief makes the following findings of fact:

1. Regal Securities, Inc. ("Regal") has most recently been registered as a broker-dealer with the Bureau since September 2, 1993 and no prior disciplinary action has been taken by the Bureau against Regal. Regal maintains a primary business address of 950 Milwaukee Avenue, Suite 102, Glenview, Illinois.

Franklin

2. Regal employed Kenneth D. Franklin (CRD # 1852819) and applied for his registration with the Bureau as an agent of Regal on November 16, 2005 at a branch located at 635 Duquesne Boulevard, Brick, NJ ("Brick Office"). At the time of his application, Franklin was the subject of a New Jersey Administrative proceeding ("Administrative Proceeding"), OAL Docket No. BOS 01860-2004N, related to his activities while previously employed by Somerset Financial Group, Inc. ("Somerset") Pursuant to N.J.S.A. 49:3-57(a), the Bureau deferred the effective date of Franklin's registration as an agent of Regal pending the resolution of the Administrative Proceeding, as to Franklin.

3. On June 16, 2006, a Consent Order was entered into between Franklin and the Bureau that resolved the Administrative Proceeding, as to Franklin, and Franklin was subsequently permitted by the Bureau to be registered with Regal on January 25, 2007.

4. While approval of his New Jersey application for registration as an agent of Regal was still pending, Franklin was identified as a registered representative of record, on approximately 495 transactions in customer accounts maintained at the Brick Office and as having received $20,862.08 in commissions from December 1, 2005 until June 15, 2006. Franklin entered into a Consent Order with the Bureau on January 25, 2007 and paid a penalty of $21,000 to the Bureau.

Kelly

5. Regal employed Michael J. Kelly (CRD# 1952241) and applied for registration with the Bureau as an agent on November 18, 2005 at the Brick Office. At the time of his application, Kelly was the subject of a New Jersey Administrative proceeding ("Administrative Proceeding"), OAL Docket No. BOS 01860-2004N, related to his activities while employed by Somerset.

Pursuant to N.J.S.A. 49:3-57(a), the Bureau deferred the effective date of Kelly's registration as an agent of Regal pending the resolution of the Administrative Proceeding.

6. On June 16, 2006, a Consent Order was entered into between Kelly and the Bureau that resolved the Administrative Proceeding, as to Kelly, and Kelly was subsequently permitted by the Bureau to be registered with Regal on January 25, 2007.

7. While approval of his New Jersey application for registration as an agent of Regal was still pending, Kelly was identified as the registered representative of record on approximately 60 transactions in customer accounts maintained at the Brick Office and as having received $9,254.29 in commissions from December 1, 2005 until June 15, 2006. Kelly entered into the Consent Order with the Bureau on January 25, 2007 and paid a penalty of $10,000 to the Bureau.

8. Regal has submitted for consideration by the Bureau certain mitigating factors and circumstances.

Based upon the above findings of fact, the Bureau Chief makes the following conclusions of law:

1. The securities transactions described above constitute offers and sales of securities in or from this State pursuant to N.J.S.A. 49:3-49(j) and N.J.S.A. 49:3-51.

2. Regal employed Franklin who acted as an unregistered agent, while Franklin's application was pending, in violation of N.J.S.A. 49:3-56(h).

3. Regal employed Kelly who acted as an unregistered agent, while Kelly's application was pending, in violation of N.J.S.A. 49:3-56(h).

4. Regal failed to reasonably supervise Franklin and Kelly and said failure resulted in a violation of N.J.S.A. 49:3-58(a)(2)(xi) by allowing them to act as an agent to and from New Jersey without being registered with the Bureau. Since this occurrence, Regal at its own

undertaking has adopted a computerized broker surveillance system that will prevent a reoccurrence of this type of situation.

5. Each and every violation of N.J.S.A. 49:3-56(h) and N.J.S.A. 49:3-58(a)(2)(xi) is a separate ground, pursuant to N.J.S.A. 49:3-58, 67 and 70.1, for the entry of an order assessing civil monetary penalties against Regal, along with such other relief as the Bureau Chief may deem necessary and proper.

6. The Bureau Chief having considered the foregoing, along with all the prior proceedings herein and for good cause shown;

**THEREFORE,**

**IT IS** on this 6th day of ~~March~~ April, 2010,

**ORDERED** that Regal Cease and Desist from further violations of the New Jersey Uniform Securities Law, and it is further

**ORDERED** that Regal is hereby assessed a civil monetary penalty in the amount of $10,000, payable to the Bureau within thirty days of execution of this Order; and it is further

**ORDERED** that Regal disgorge $10,000 which represents Regal's share of all fees and commissions earned from the Brick Office accounts at issue during the relevant period.

NEW JERSEY BUREAU OF SECURITIES

DATED: 4/6/10

By: _____
Marc B. Minor, Chief

REGAL SECURITIES, INC.

DATED: MARCH 29, 2010

By: _____