

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 23:0041 (SEC-OSC)
	:	
v.	:	
	:	
BRUCE A. KRAIG ASSOCIATES	:	
TAMARA KRAIG	:	
BRUCE A. KRAIG	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”), has conducted an investigation of the business practices of Bruce A. Kraig Associates (“BAK”) and its officers and employees. Based on the results of its investigation, the Bureau has concluded that BAK has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 *et seq.* (“1972 Act”). BAK, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order (“Order”).

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.
2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. BAK, CRD # 118032, was at all material times herein, a partnership organized under the laws of Pennsylvania with a principal office located at Redacted

4. From on or about June 25, 2012 until the present, BAK was registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

5. On March 28, 2023, staff of the Bureau conducted a routine examination of BAK at its place of business, pursuant to § 1-304(d) of the 1972 Act, 70 P.S. § 1-304(d).

6. The exam revealed that BAK maintained written records containing personal usernames and passwords for at least eleven custodial accounts which belonged to BAK's clients.

7. By maintaining client usernames and passwords for its clients' custodial accounts, BAK, in connection with advisory services provided by BAK, directly or indirectly held client funds or securities with the authority to obtain possession of them or the ability to appropriate them and thus had "custody" over client funds or securities as defined in 10 Pa. Code § 102.021(a).

VIOLATION

8. By engaging in the acts and conduct set forth in paragraphs 3 through 7 above, BAK had custody of client funds or securities within the meaning of "custody" as set forth in 10 Pa. Code § 102.021(a) and failed to notify the Department promptly in writing on Form ADV that it has or may have custody, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of BAK or censure BAK, pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 404.014(a)(1), 10 Pa. Code § 404.014(a)(1).

RELIEF

9. BAK shall pay the Department an administrative assessment in the amount of \$45,000. Payment shall be made by certified check or money order made payable to the

“Department of Banking and Securities” and shall be mailed or delivered in person to the Bureau of Securities Compliance and Examinations located at 17 N. Second Street, Suite 1300, Harrisburg, Pennsylvania 17101. The assessment shall be paid as follows:

- a. \$5,000 on or before April 15, 2024;
- b. \$5,000 on or before July 15, 2024;
- c. \$5,000 on or before October 15, 2024;
- d. \$5,000 on or before January 15, 2025;
- e. \$5,000 on or before April 15, 2025;
- f. \$5,000 on or before July 15, 2025;
- g. \$5,000 on or before October 15, 2025;
- h. \$5,000 on or before January 15, 2026; and
- i. \$5,000 on or before April 15, 2026.

10. BAK is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 404.014(a)(1), 10 Pa. Code § 404.014(a)(1).

11. This Order is not intended to constitute and shall not be interpreted to constitute a basis for disqualification of BAK or any of its affiliates under Federal or state securities laws, rules, or regulations promulgated thereunder or any self-regulatory organizations’ rules or regulations.

12. Should BAK fail to pay the assessment as set forth in paragraph 9 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording BAK the option of either paying the assessment or being indefinitely subject to the sanctions.

13. Should BAK fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to BAK's right to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

14. Consent. BAK hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. BAK, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions, and/or penalties set forth in this Order.

15. Entire Agreement. This Order contains the entire agreement between the Department and BAK. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and BAK.

16. Binding Nature. The Department, BAK, and all officers, owners, directors, employees, heirs and assigns of BAK intend to be and are legally bound by the terms of this Order.

17. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

18. Effectiveness. BAK hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

19. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against BAK in the future regarding all matters not resolved by this Order.

(b) BAK acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

20. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

21. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

22. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

23. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations and Bruce A. Kraig Associates, intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS**

Redacted

Eric Pistilli, Deputy Secretary for Securities

Date: 03/26/2024



FOR BRUCE A. KRAIG ASSOCIATES

Redacted

Tamara Kraig, Chief Compliance Officer and General Partner

Date: March 23, 2024