

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

James Kenneth Ard (CRD No. 5837571),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012031746301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In or around May 2009, James Kenneth Ard “(Ard)” became a candidate for Lieutenant Governor of South Carolina. He won election to the office on November 2, 2010. Beginning on August 20, 2010, Ard was an associated person of J.J.B. Hilliard, W.L. Lyons, LCC (“Hilliard” or the “firm”). While associated with Hilliard, Ard misappropriated approximately \$12,000 in campaign funds for his own personal use. By virtue of this conduct, Ard violated FINRA Rule 2010.

RESPONDENTS AND JURISDICTION

2. Ard became associated with Hilliard as a Non-Registered Fingerprint employee on August 20, 2010. From that time until his voluntary resignation in March 2013, he worked at the firm as a “Business Development Consultant,” responsible for bringing

in and developing relationships with new customers to the firm. Ard has not been associated with a FINRA member firm since his termination from Hilliard.

3. Although Ard is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date upon which he ceased to be associated with a FINRA member, and (2) the Complaint charges him with misconduct committed while he was associated with a FINRA member.

CAUSE OF ACTION
(Misappropriation (FINRA Rule 2010))

4. The Department realleges and incorporates by reference paragraphs 1 through 3 above.
5. In or around May 2009, Ard became a candidate for Lieutenant Governor of South Carolina. He was elected as South Carolina's Lieutenant Governor on November 2, 2010.
6. On August 20, 2010, Ard became associated with Hilliard as a Non-Registered Fingerprint employee.
7. During November and December 2010, Ard unlawfully charged more than \$12,000 in personal expenses to his campaign fund. These expenses included cell phone bills, clothing, computer equipment, personal travel, and a Christmas vacation for Ard and his family.

8. South Carolina Code Ann. § 8-13-1348(A) prohibits the use of campaign funds to defray personal expenses unrelated to the campaign, nor are they to be converted to personal use.
9. In February 2011, the South Carolina State Ethics Commission began an investigation of Ard for ethical violations, including the misuse of campaign funds. The investigation resulted in Ard signing a June 30, 2011 Consent Order in which he admitted improper personal use of campaign funds.
10. Subsequently, the State Attorney General convened a grand jury. On March 8, 2012, the grand jury issued an indictment against Ard charging him with, among other things, misuse of campaign funds. The next day, Ard resigned from office and pleaded guilty to seven misdemeanor charges of State ethics violations, including unlawful use of campaign funds for personal expenses.
11. By misappropriating over \$12,000 from his campaign, Ard failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

RELIEF REQUESTED

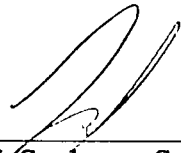
WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and,

- C. order that Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: 12/18/2013



R. W. Sardegna, Senior Counsel
Perry C. Hubbard, Director
FINRA Department of Enforcement
15200 Omega Dr., Suite 300
Rockville, MD 20850
Phone: (301) 258-8576; Fax: (202) 721-6578
e-mail: robin.sardegna@finra.org