

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 91013 / January 29, 2021**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5676 / January 29, 2021**

**ADMINISTRATIVE**  
**PROCEEDING File No. 3-19412**

**In the Matter of**

**KAREN McKINLEY,**

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS  
PURSUANT TO SECTION 15(b) OF  
THE SECURITIES EXCHANGE ACT  
OF 1934 AND SECTION 203(f) OF  
THE INVESTMENT ADVISERS ACT  
OF 1940**

**I.**

On September 3, 2019, the Securities and Exchange Commission (“Commission”) , instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Karen McKinley (“Respondent”).

**II.**

Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings and the findings contained in Sections III.4. and III.5 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### RESPONDENT

1. McKinley, age 55, formerly a resident of Allenstown, New Hampshire, is currently incarcerated by the state of New Hampshire. From 2009 to 2016, she was a registered representative and registered investment adviser representative associated with a firm that was dually-registered with the Commission as a broker-dealer and an investment adviser (the "brokerage firm"). During that time, she worked at the Manchester, New Hampshire office of the brokerage firm and provided various services to clients, including providing investment advice.

2. In August 2016, the brokerage firm terminated McKinley due to allegations regarding her compliance with pre-trade client confirmation requirements in connection with trades in non-discretionary accounts.

3. On November 30, 2016, the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization that, among other things, regulates brokerage firms, permanently barred McKinley from associating with any FINRA member in any capacity for her failure to provide documents and information requested by FINRA during the course of its investigation into allegations relating to her compliance with pre-trade client confirmations in non-discretionary accounts.

#### RESPONDENT'S CRIMINAL CONVICTION

4. On November 17, 2017, a Hillsborough County New Hampshire Grand Jury indicted McKinley on seven counts of Theft by Unauthorized Taking or Transfer (N.H. Rev. Stat. Ann. § 637:3); four counts of Financial Exploitation of an Elderly, Disabled, or Impaired Adult (N.H. Rev. Stat. Ann. § 631:9); and one count of Falsifying Physical Evidence (N.H. Rev. Stat. Ann. § 641:6) in connection with her handling of accounts of an elderly brokerage firm client from Peterborough, New Hampshire. It was alleged that between 2013 and 2016 while she was associated with the brokerage firm McKinley stole nearly \$300,000 from the accounts of the elderly client.

5. On October 11, 2018, before the Hillsborough Superior Court in Case No. 216-2017-CR-02034, McKinley pleaded guilty to seven counts of Theft by Unauthorized Taking or Transfer; four counts of Financial Exploitation of an Elderly, Disabled, or Impaired Adult; and one count of Falsifying Physical Evidence.

6. Following her guilty plea, on February 1, 2019, McKinley was sentenced to 7.5 to 15 years in prison, with four years of the sentence suspended for five years. The court also ordered McKinley to have no contact with the victim, her former client.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act that Respondent McKinley be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent McKinley be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman  
Secretary