

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 180079 (SEC-CAO) ^{OSC}
	:	
	:	
v.	:	
	:	
KEYSTONE INVESTMENT ADVISORS, LLC	:	
WILLIAM J. MESSNER	:	

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 Keystone Investment Advisors, LLC ("Keystone") and William J. Messner ("Messner"). Based on the results of its investigation, the Bureau has concluded that Keystone and Messner operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101, et. seq. ("1972 Act"). Keystone and Messner, in lieu of litigation, and without admitting or denying the allegations contained herein, and intending to be legally bound, hereby agrees to the entry of this Consent Agreement and Order ("CAO").

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. Keystone (CRD # 150622) was, at all times material herein, a Pennsylvania limited liability company with an address at 10521 Perry Highway, Suite 115, Wexford, Pennsylvania 15090.

4. Messner (CRD # 2597597) was, at all times material herein, the chief compliance officer of Keystone.

FACTUAL ALLEGATIONS

5. From in or about July 2009 until the present, Keystone has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

6. From in or about July 2009 until the present, Messner has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser representative of Keystone.

7. As the chief compliance officer of Keystone, Messner acted as an "affiliate" of Keystone within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused Keystone to commit the herein stated acts which violated the 1972 Act.

8. At all times material herein, Keystone has had discretionary authority over client funds or securities.

9. Pursuant to Regulation 304.022(b), an investment adviser with discretionary authority over client funds or securities shall file with the Department a balance sheet, prepared in accordance with generally accepted accounting principles. 10 Pa. Code § 304.022(b). The balance sheet shall be filed with the Department within 120 days of the investment adviser's fiscal year end. 10 Pa. Code § 304.022(d).

10. Keystone's fiscal year ended on December 31, 2017.

11. Keystone failed to timely file a balance sheet with the Department for the fiscal year ending on December 31, 2017, as required by Regulation 304.022(b), (d), 10 Pa. Code § 304.022(b), (d).

VIOLATION

12. By engaging in the acts and conduct set forth in paragraph 5 through 11 above, Keystone and Messner failed to file with the Department a balance sheet, prepared in accordance with generally accepted accounting principles, within 120 days of Keystone's fiscal year end, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Keystone and Messner or censure Keystone and Messner pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(b), (d), 10 Pa. Code § 304.022(b), (d).

RELIEF

13. Keystone and Messner shall pay the Department an administrative assessment in the amount of \$10,000. Payment shall be made by certified check or money order that is 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, PA 17101. The assessment shall be paid as follows:

- a. \$1,000 to be paid upon on or before January 10, 2018;
- b. \$1,000 to be paid on or before February 10, 2019;
- c. \$1,000 to be paid on or before March 10, 2019;
- d. \$1,000 to be paid on or before April 10, 2019;
- e. \$1,000 to be paid on or before May 10, 2019;
- f. \$1,000 to be paid on or before June 10, 2019;
- g. \$1,000 to be paid on or before July 10, 2019;

- h. \$1,000 to be paid on or before August 10, 2019;
- i. \$1,000 to be paid on or before September 10, 2019; and,
- j. \$1,000 to be paid on or before October 10, 2019.

14. Keystone and Messner are ORDERED to comply with the 1972 Act and Regulations adopted by the Department and in particular Regulation 304.022(b), (d), 10 Pa. Code § 304.022(b), (d).

15. Should Keystone and Messner fail to pay the assessment as set forth in paragraph 13 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until payment is made. However, this provision shall not be construed as affording Keystone and Messner the option of either paying the assessment or being indefinitely subject to the sanctions.

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

FURTHER PROVISIONS

17. Consent. Keystone and Messner hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agree that they understand all of the terms and conditions contained herein. Keystone and Messner, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

18. Entire Agreement. This Order contains the entire agreement among the Department, Keystone and Messner. 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, Keystone and Messner.

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

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

21. Effectiveness. Keystone and Messner hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

22. 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 Keystone and Messner in the future regarding all matters not resolved by this Order.
- b. Keystone and Messner acknowledge and agree 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.
- c. Keystone and Messner acknowledge and agree that this Order does not preclude any other agency from instituting administrative, civil or criminal proceedings that may be related to matters addressed by this Order.

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

24. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

25. 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.

26. 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 recited paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations, Keystone Investment Advisors, LLC and William J. Messner, 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**

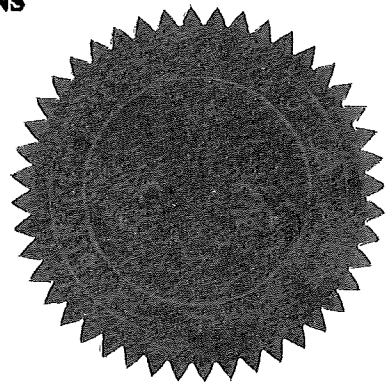
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Joseph J. Minisz, Deputy Secretary of Securities

Date: 12/7/2018

Keystone Investment Advisors, LLC

William J. Messner



Redacted

(Signature)

CHRISTOPHER S. CAMPANELLA
(Print Name)

Portfolio Director, officer
(Title)

Date: 12/7/2018

Redacted

(Signature)

William J. Messner
(Print Name)

Chief Compliance officer, member
(Title)

Date: 12/7/2018