

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076084101**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: Percival Financial Partners, Ltd.
Member Firm
CRD No. 41813

Kenneth P. Taylor, Sr.
General Securities Principal
CRD No. 2166330

Pursuant to FINRA Rule 9216, Respondents Percival Financial Partners, Ltd. (Percival) and Kenneth P. Taylor, Sr. (Taylor) submit this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondents accept and consent to the following findings by FINRA without admitting or denying them:

BACKGROUND

Percival became a FINRA member in 1996 and is headquartered in Columbia, Maryland. The firm has one branch office and seven registered representatives associated with the firm. The firm's FINRA membership was suspended on April 10, 2023 for failing to timely file a 2022 annual audit report. The firm remains suspended.

Taylor entered the securities industry in 1991 when he became associated with a FINRA member. In 1996, Taylor founded and associated with Percival and registered with FINRA as a General Securities Representative, General Securities Principal, and Introducing Broker-Dealer Financial and Operations Principal, and he remains associated with the firm. Taylor currently also serves as Percival's Chief Executive Officer, Chief Compliance Officer, Introducing Broker-Dealer Financial and Operations Principal, Anti-Money Laundering Compliance Officer, Chief Financial Officer, Chief Technology Officer, and Executive Representative.¹

¹ For more information about the respondents, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

Between November 2021 and April 2023, Percival violated Section 15(c)(3) of the Securities Exchange Act of 1934, Exchange Act Rule 15c3-1, and FINRA Rules 4110 and 2010 by conducting a securities business while failing to maintain the firm's minimum required net capital. Taylor violated FINRA Rules 4110(b)(1) and 2010 by permitting the firm to conduct a securities business despite its net capital deficiency.

Between April 10, 2023 and the present, the firm conducted a securities business while suspended from FINRA membership. Percival and Taylor therefore violated FINRA Rule 2010.

For these and related violations, Percival is censured and fined \$150,000 jointly and severally with Taylor. Taylor is fined \$15,000 and suspended in all principal capacities for two years with a requirement to requalify by examination before associating with a FINRA member in any principal capacity.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a regulatory tip.

Percival conducted a securities business while failing to maintain its required minimum net capital and Taylor made capital withdrawals while the firm was net capital deficient.

Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-1 require broker-dealers to maintain certain minimum levels of net capital. FINRA Rule 4110(b)(1) requires member firms to suspend all business operations during any period in which they are not in compliance with applicable net capital requirements as set forth in Exchange Act Rule 15c3-1. An individual violates FINRA Rules 4110(b)(1) when he or she permits a FINRA member firm to conduct a securities business at a time when the firm is failing to maintain its required minimum net capital. Violations of Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rule 4110(b)(1) also constitute violations of FINRA Rule 2010, which requires members and associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade." In addition, an individual violates FINRA Rule 2010 when he or she causes a firm to violate Exchange Act Rule 15c3-1.

By November 1, 2021, Percival's available net capital was more than \$79,000 below the minimum amount required for the firm. The deficiency occurred as a result of the firm's non-allowable assets and equity withdrawals. Additionally, the firm erroneously reported an Economic Injury Disaster Loan the firm received from the U.S. Small Business Administration as a part of a program the federal government initiated in 2020 to assist small businesses because of the COVID-19 pandemic as a reduction of such non-allowable assets. When the correction was made, a net capital deficiency was identified and reported by the firm. On November 9, 2021, Taylor attempted to address the net capital deficiency by transferring \$100,000 to the firm. However, because Taylor

received the funds through a loan to him personally from a customer and then contributed the funds to the firm, the funds were a firm liability and did not resolve the firm's net capital deficiency. The firm's net capital remained below the minimum amount required until at least December 31, 2021. From November 1, 2021 to December 31, 2021, while the firm was net capital deficient, Taylor permitted Percival to continue to conduct a securities business, with securities-related revenues exceeding \$100,000. Taylor was aware of the firm's net capital deficiency and had authority to suspend the firm's securities business, but did not do so.

On April 1, 2022, Percival's net capital again fell below the firm's required minimum amount, with a deficiency amount exceeding \$76,000. The deficiency was caused by capital withdrawals made by Taylor. Between April 1, 2022 and April 9, 2023 the firm remained net capital deficient, with a net capital deficiency exceeding \$900,000 in April 2023. During this period, Taylor continued to make regular capital withdrawals from the firm and caused Percival to issue at least seven checks from the firm's bank account to Taylor, totaling \$130,000.

From April 1, 2022 to April 9, 2023, Taylor also permitted Percival to continue to conduct a securities business. Percival received securities commissions exceeding \$300,000 during this period. In addition, Percival received more than \$60,000 in revenues from its transition management business, which entailed developing equity order plans to transition certain institutional customers from one third-party asset manager to a new third-party asset manager. Taylor was again aware of the firm's net capital deficiency and had authority to suspend the firm's securities business, but did not do so.

As a result of the foregoing, the firm violated Exchange Act § 15(c)(3), Exchange Act Rule 15c3-1, and FINRA Rules 4110(b)(1) and 2010, and Taylor violated FINRA Rules 4110(b)(1) and 2010.

Percival failed to timely file required notices of its net capital deficiencies.

Exchange Act § 17(a) and Exchange Act Rule 17a-11(a) require broker-dealers whose net capital declines below the required minimum amount to give "notice of such deficiency that same day" to FINRA and the SEC. Violations of Exchange Act § 17(a) and Exchange Act Rule 17a-11 constitute violations of FINRA Rule 2010. An individual violates FINRA Rule 2010 when he or she causes a firm to violate Exchange Act § 17(a) and Exchange Act Rule 17a-11.

Pursuant to FINRA Rule 1220(a)(4), Taylor, the firm's Financial and Operations Principal, was responsible for Percival timely filing financial notifications when the firm was net capital deficient. The firm's written supervisory procedures (WSPs) also assigned Taylor responsibility for creating and filing the firm's financial reports and notifications. While Percival and Taylor timely filed the required deficiency notifications for certain deficiency periods in 2021 and 2022, Taylor caused Percival to not timely file with FINRA and the SEC the required notices for its net capital deficiency periods of November 9, 2021 to December 31, 2021, and August 30, 2022 to April 9, 2023.

Therefore, Percival violated Exchange Act § 17(a), Exchange Act Rule 17a-11, and FINRA Rule 2010, and Taylor violated FINRA Rule 2010.

Percival filed inaccurate FOCUS and annual audit reports and maintained inaccurate books and records.

FINRA Rule 4511(a) requires each FINRA member to make and preserve books and records as required under FINRA rules, the Exchange Act, and applicable Exchange Act rules. Exchange Act § 17(a) and Exchange Act Rule 17a-3(a)(11) require broker-dealers to make and keep current a record of their computation of aggregate indebtedness and net capital. Exchange Act Rule 17a-5(a) requires every broker-dealer to prepare and file monthly or quarterly FOCUS reports containing certain accounting and financial information, including the firm's minimum required net capital, net capital, and excess net capital.² Exchange Act Rule 17a-5(d)(6) requires broker-dealers to file copies of their annual audit reports with FINRA. An individual who causes his or her firm to fail to comply with these recordkeeping requirements violates FINRA Rule 4511. Violations of Exchange Act § 17(a), Exchange Act Rule 17a-3(a)(11), Exchange Act Rule 17a-5(a), Exchange Act Rule 17a-5(d)(6), and FINRA Rule 4511 also constitute violations of FINRA Rule 2010.

Inherent in the obligation to make and preserve books and records is the requirement that they be accurate.

Between at least November 1, 2021 to January 31, 2025, Taylor inaccurately recorded his capital withdrawals as loans on the firm's general ledger, inaccurately recorded his \$100,000 transfer to the firm as additional paid-in capital, and failed to accurately record a \$450,000 advanced deposit as a firm liability. These inaccuracies caused Taylor and the firm to inaccurately calculate the firm's net capital and aggregate indebtedness during the relevant period. Moreover, Percival failed to include payments and withdrawals relating to the firm's transition management business in the firm's books and records. As a result, Taylor, on behalf of Percival, filed 33 FOCUS reports that contained inaccurate calculations of the firm's net capital, aggregate indebtedness, revenue, and liabilities.

In addition, Percival failed to timely file its 2022 annual audit report, which was due to FINRA in March 2023. Rather, on April 10, 2023, Taylor submitted the firm's 2022 audit report. On April 25, 2023, FINRA informed Taylor that the annual audit report was rejected as deficient because it contained material inaccuracies. Specifically, the report did not accurately include the \$450,000 advanced deposit received by Percival and Taylor. In addition, the report was prepared by a newly-retained accounting firm that Percival did not disclose in advance as required, and re-used signatures and notary stamps from the firm's 2021 annual audit report. On April 26, 2023, August 8, 2023, October 3, 2023, and April 4, 2024, Taylor submitted amended versions of the firm's 2022 annual audit report. However, each of these reports was rejected because each version continued

² A Financial and Operational Combined Uniform Single (FOCUS) report includes a balance sheet, income statement, and net capital calculation.

to contain material inaccuracies or was materially incomplete. After each submission, FINRA informed Percival and Taylor that the firm had not complied with its obligation under Exchange Act Rule 17a-5(d)(6) to submit an accurate 2022 annual audit report. To date, the firm has not filed an accurate and complete 2022 annual audit report.

Based on the foregoing, the firm violated Exchange Act § 17(a), Exchange Act Rules 17a-3 and 17a-5, and FINRA Rules 4511 and 2010, and Taylor violated FINRA Rules 4511 and 2010.

Percival conducted a securities business while suspended from FINRA membership.

Conducting a securities business while suspended from FINRA membership violates FINRA Rule 2010. An individual violates FINRA Rule 2010 when he or she causes a firm to conduct a securities business while the firm is suspended from FINRA membership.

On March 16, 2023, Percival and Taylor were informed by letter that the firm would be suspended from FINRA membership on April 10, 2023, pursuant to FINRA Rule 9552, unless the firm filed a 2022 annual audit report in advance of that date. Percival did not file its 2022 annual audit report before April 10, 2023. On April 10, 2023, Percival's FINRA membership was suspended.

On April 10, 2023, after the suspension took effect, Percival and Taylor submitted a 2022 annual audit report. On April 12, 2023, Percival and Taylor acknowledged the suspension and requested that it be terminated, which was denied. On April 25, 2023, Percival and Taylor were informed that the April 10, 2023 audit report was rejected due to material inaccuracies and that the suspension would remain in effect. On four occasions between April 2023 and April 2024, Taylor submitted amended versions of the firm's 2022 annual audit report. After each of those submissions, Percival and Taylor were informed that each amended audit report was rejected as materially inaccurate or incomplete and that the suspension would remain in effect.

Despite being on notice of the suspension since April 10, 2023, and being informed on at least six occasions that the suspension remained in effect, Taylor permitted Percival to continue to conduct a securities business during the suspension. Specifically, between April 10, 2023 to the present, Percival continued to engage in the firm's transition management business. For example, during this period, Percival executed two contracts with new customers and performed transition management services on their behalf. Between April 10, 2023 to the present, Percival and Taylor received over \$900,000 in transition management fees, including over \$700,000 in the ten months following Percival's last 2022 audit report submission in April 2024.

Therefore, Percival and Taylor violated FINRA Rule 2010.

B. Respondents also consent to the imposition of the following sanctions:

Percival:

- a censure; and
- a \$150,000 fine (jointly and severally with Taylor).

Kenneth Taylor:

- a two-year suspension from associating with any FINRA member in all principal capacities;
- a requirement to requalify as a principal by passing the requisite examinations prior to acting in that capacity with any FINRA member; and
- a \$15,000 fine.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fines imposed.

Respondents specifically and voluntarily waive any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

Taylor understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Taylor may not be associated with any FINRA member in a principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Taylor is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against them;

- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondents specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondents further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondents understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;

3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. Respondents may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondents may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondents' testimonial obligations in any litigation or other legal proceedings.
- D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

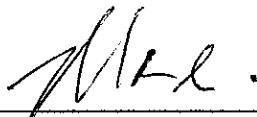
The undersigned, on behalf of Percival, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise Respondent and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

4/14/2025
Date


Percival Financial Partners, Ltd.
Respondent
Print Name: KENNETH P. TAYLOR Sr
Title: Pres & CEO

Respondent Taylor certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise Respondent and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

4/14/2025
Date


Kenneth P. Taylor, Sr.

Accepted by FINRA:

04/21/2025
Date

Signed on behalf of the
Director of ODA, by delegated authority


Christopher Miles
Principal Counsel
FINRA
Department of Enforcement
200 Liberty St., Fl. 11
New York, NY 10281-1103