

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 100318 / June 12, 2024**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6623 / June 12, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21962**

**In the Matter of**

**KERRY LEE  
BRODERICK,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT  
TO SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF  
1940, MAKING FINDINGS, AND  
IMPOSING REMEDIAL SANCTIONS  
AND A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Kerry Lee Broderick (“Broderick” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, 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, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of

1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### **III.**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

#### **Summary**

Broderick was a registered representative at Broker-Dealer A, which is a dually-registered broker-dealer and investment adviser, when, in December 2022, her supervisor, Andrew M. Komarow (“Komarow”), engaged in a so-called “free-riding” scheme at Broker-Dealer A. Komarow knowingly made unfunded automated clearing house (“ACH”) transfers of money from his bank account to his personal brokerage account at Broker-Dealer A and engaged in speculative trading with the resulting credits before the transfers were cancelled for insufficient funds. Komarow’s trading resulted in significant losses to Broker-Dealer A. Broderick spoke to representatives at Broker-Dealer A to initiate trades for Komarow and to assure Broker-Dealer A that the trades that Komarow had placed should be processed and were funded. When Broderick participated in those calls, she knew, or was reckless in not knowing, or should have known that the information she was communicating to Broker-Dealer A was false.

As a result of this conduct, Broderick both aided and abetted and caused Komarow’s violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### **Respondent**

1. Broderick (CRD No. 7344563), 36 years old, is a resident of Gloucester, Massachusetts. Broderick was a registered representative with Broker-Dealer A, a broker-dealer and investment adviser registered with the Commission, from February 2021 through December 2022. Broderick was also an investment adviser representative with Investment Adviser A, an investment adviser registered with the Commission, from October 2022 through December 2022, and was briefly associated with other broker-dealers and investment advisers registered with the Commission from December 2022 through June 2023.

#### **Other Relevant Individual**

2. Komarow (CRD No. 5838564), 34 years old, is a resident of Avon, Connecticut. Komarow was a registered representative with Broker-Dealer A, a broker-dealer and investment adviser registered with the Commission, from April 2016 through December 2022. Komarow was also an investment adviser representative with Investment Adviser A, an investment adviser registered with the Commission, from August 2016 through November 2022, and was briefly associated with other broker-dealers and investment advisers registered with the Commission from December 2022 through March 2023. Komarow was charged by the Commission in December

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

2023 for his conduct in this matter in a case filed in federal court in Connecticut. *SEC v. Komarow*, No. 3:23-cv-01599-SVN. That case remains pending.

**Broderick Aided and Abetted Komarow’s Free-Riding and  
Caused the Free-Riding Scheme to Succeed**

3. Broderick worked with Komarow, who was also associated with Broker-Dealer A and Investment Advisor A during the same periods as Broderick. Komarow hired Broderick and oversaw her work.

4. Komarow made trades in his personal account at Broker-Dealer A that were high-risk trades made as part of a “free-riding” scheme in which Komarow knowingly made unfunded ACH transfers of money from his bank account to his personal brokerage account at Broker-Dealer A and engaged in speculative trading with the resulting credits before the transfers were cancelled for insufficient funds. In three separate ACH transactions on December 1 and 2, 2022, Komarow purported to deposit \$3 million from his bank account into his personal account at Broker-Dealer A, despite having \$100 or less in his bank account at the time. Komarow then took advantage of the “immediate access” to the funds provided by Broker-Dealer A to make speculative trades that resulted in losses of over \$3 million to Broker-Dealer A.

5. Komarow initiated these trades using Broderick’s log-in credentials at Broker-Dealer A. When Broker-Dealer A called Broderick regarding the trades, she communicated via chat messages with Komarow, who instructed her to tell Broker-Dealer A that she had initiated the trades. Broderick told Broker-Dealer A that she had initiated the trades, even though she had not done so and first became aware of the trades when Broker-Dealer A called her.

6. Broker-Dealer A left Komarow a voicemail on December 1, 2022, which he forwarded to Broderick via email, in which Broker-Dealer A says there was a “debit” of almost \$820,000 on Komarow’s account and there was “no indication as to where the funds are coming from.” Shortly after forwarding that voicemail to Broderick, Komarow instructed Broderick in a chat message to call Broker-Dealer A back. When Broderick asked Komarow questions via the chat about how much money she should say was coming in, Komarow told her to “say more than he needs, say 900k” and say whatever it took to get Broker-Dealer A “not to call again.” Broderick assured Broker-Dealer A that the money was coming when that was not true.

7. Later that same afternoon, Komarow asked Broderick to call in orders for additional trades. He offered her a bonus via a chat message. Komarow then instructed Broderick: “lie, whatever you have to do, to get those trades placed.” Broderick then spoke to Broker-Dealer A. When Komarow asked Broderick on the chat if his order was going to go through, Broderick told him that she was able to get Komarow’s orders through.

8. Through multiple calls with Broker-Dealer A, Broderick was able to get most of Komarow’s trades processed. Broderick also put in additional trade orders on the phone at Komarow’s request without confirming the orders were properly funded.

9. As a result of the conduct described above, Respondent willfully aided and abetted and caused Komarow's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraud in connection with the purchase or sale of a security, including by: (a) employing any device, scheme, or artifice to defraud; (b) making any false or misleading statement of material fact; and (c) engaging in any act, practice, or course of business that operates or would operate as a fraud upon any person.

#### **Civil Penalties**

10. Respondent has submitted a sworn Statement of Financial Condition dated January 24, 2024 and other evidence and has asserted her inability to pay a civil penalty.

#### **IV.**

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

Accordingly, pursuant to Sections 15(b)(6) and 21C of the Exchange Act, and Section 203(f) of the Advisers Act, it is hereby ORDERED that

A. Respondent cease and desist from committing or causing any violations and any future violations of Exchange Act Section 10(b) and Rule 10b-5 thereunder.

B. Respondent Broderick 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

C. Respondent Broderick 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.

D. 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.

E. Based upon Respondent’s sworn representations in her Statement of Financial Condition dated January 24, 2024 and other documents submitted to the Commission, the Commission is not imposing a penalty against Respondent.

F. The Division of Enforcement (“Division”) may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of the maximum civil penalty allowable under the law. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2) assert that payment of a penalty should not be ordered; (3) contest the imposition of the maximum penalty allowable under the law; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Vanessa A. Countryman  
Secretary