

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021069382401**

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

RE: Aurel Davina Anderson (Respondent)
Former General Securities Principal
Former General Securities Representative
CRD No. 6573760

Pursuant to FINRA Rule 9216, Respondent Aurel Davina Anderson submits 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Anderson first became registered with FINRA in January 2016 as a Corporate Securities Representative through an association with former FINRA member Ustocktrade Securities, Inc. (CRD No. 16208) (USI). She then became registered in additional capacities through USI, including as a General Securities Principal in January 2018. Anderson's registrations through USI terminated in August 2022 as a result of FINRA's expulsion of USI from FINRA membership.¹

Although Anderson is not currently registered or associated with a FINRA member, she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4(a) of FINRA's By-Laws.²

OVERVIEW

In April and May 2021, Anderson failed to reasonably supervise USI's communications with the public on the firm's website, social media, and mobile application that were materially misleading and violated the content standards set forth in FINRA Rule 2210(d). As a result, Anderson violated FINRA Rules 3110 and 2010.

¹ USI was expelled from FINRA membership on August 11, 2022.

² For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

Additionally, in August 2021, Anderson provided an altered and misleading document to FINRA concerning the firm's customer identification program. As a result, Anderson violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA cycle examination of USI.

Anderson Failed to Reasonably Supervise USI's Communications with the Public.

FINRA Rule 3110(a) requires that member firms "establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." Individual supervisors are responsible for reasonable supervision, a standard determined based on the particular circumstances of each case.

A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010, which requires FINRA members and associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

FINRA Rule 2210 addresses FINRA member communications with the public and includes content standards that apply to all member firm communications, including retail communications. Retail communications under FINRA Rule 2210(a)(5) are written (including electronic) communications that are distributed or made available to more than 25 retail investors within any 30 calendar-day period. FINRA Rule 2210(d)(1)(A) requires that all member communications be based on principles of fair dealing and good faith, be fair and balanced, and provide a sound basis for evaluating the facts regarding any particular security, industry, or service. No member may omit any material fact or qualification if the omission, considering the context of the material presented, would cause the communication to be misleading. FINRA Rule 2210(d)(1)(B) states that no member may make any false, exaggerated, unwarranted, promissory, or misleading statement or claim in any communication or publish, circulate, or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

In April 2021, USI began offering a new product called the "Cash Program," which purported to give customers the opportunity to earn a 1.25 percent annual percentage yield on cash balances in their accounts greater than \$1,000. At the same time, the firm also began to offer its customers a fully-paid lending program called the "Stock Loan Program" that offered the opportunity for customers to obtain a fee from lending their securities to USI so that USI could then lend them to a third-party. USI's communications concerning the Cash and the Stock Loan Programs constituted "retail communications" because the firm promoted and marketed the Cash and Stock Loan Programs on its website, social media and mobile application.

Anderson was USI's president and was delegated responsibility in the firm's written supervisory procedures for reviewing and approving the firm's communications with the public. Under USI's written supervisory procedures, Anderson was required to review the firm's retail communications for compliance with FINRA Rule 2210's content standards, including to ensure that the communications were fair and balanced and not false or misleading.

Anderson reviewed and approved the firm's retail communications concerning the Cash and Stock Loan Programs in April and May 2021. Anderson's approval of these retail communications, which were materially false and misleading, was unreasonable. Although Anderson knew that funds deposited into the Cash Program constituted an unsecured loan to a USI affiliate that lacked FDIC insurance or SIPC protection, and that any funds deposited were subject to the risk of complete loss, she nevertheless approved the firm's communications which failed to adequately disclose those facts. Similarly, Anderson knew that customers enrolled in the Stock Loan Program could lose their rights to dividends and other distributions if their shares were borrowed, but she did not ensure that those facts were adequately explained in the firm's communications concerning that program.

Therefore, Anderson violated FINRA Rules 3110 and 2010.

Anderson Provided an Altered and Misleading Document to FINRA.

Providing an altered and misleading document to FINRA violates FINRA Rule 2010.

In connection with a FINRA examination of USI, FINRA requested copies of USI's written procedures for its customer identification program applicable to foreign customers. In response, Anderson provided FINRA in August 2021 with written procedures on behalf of the firm that contained identity verification provisions for foreign customers that purportedly went into effect in February 2020. However, the firm had no such written procedures in place until after February 2020. Anderson altered an incomplete draft of the procedures to give the false impression that USI had implemented them in February 2020.

Therefore, Anderson violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a two-month suspension from associating with any FINRA member in all capacities;
- a two-month suspension from associating with any FINRA member in all principal capacities, to run consecutively with the all-capacity suspension; and
- a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

Respondent understands that if she is barred or suspended from associating with any FINRA member, she 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, she may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

Respondent understands that if she is barred or suspended from associating with any FINRA member in a principal capacity, she 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, Respondent may not be associated with any FINRA member in any principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent is subject to a statutory disqualification during the suspension, if she 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against her;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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. Respondent 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. Respondent 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 Respondent's 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 Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that she 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.

Respondent certifies that she 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 her and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and 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 her to submit this AWC.

5/31/24

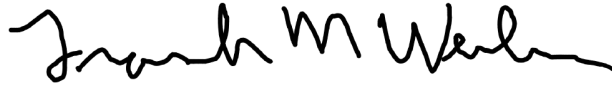
Date



Aurel Davina Anderson
Respondent

Accepted by FINRA:

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



June 20, 2024

Date

Frank M. Weber
Senior Counsel
FINRA
Department of Enforcement
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