

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2021071024501**

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

RE: Ryan A. Morfin (Respondent)  
Former General Securities Representative and Former Operations Professional  
CRD No. 4581160

Pursuant to FINRA Rule 9216, Respondent Ryan A. Morfin 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**

Morfin first registered with FINRA in 2002 through an association with a member firm, and has since been associated with several FINRA member firms. In October 2013, he registered with FINRA as a General Securities Representative (GS) through an association with Cabot Lodge Securities LLC (CRD No. 159712). In December 2018, he became registered with FINRA as an Operations Professional (OS), also through his association with Cabot Lodge. On January 25, 2022, Cabot Lodge filed a Form U5 stating that Morfin voluntarily terminated his association with the firm.

From 2016 until January 2022, Morfin served as the Chief Executive Officer of a parent company which was the ultimate beneficial owner of both Cabot Lodge and another member firm, Purshe Kaplan Sterling Investments (CRD No. 35747). Morfin did not register with FINRA through an association with Purshe Kaplan in any capacity.

Morfin is not currently registered or associated with any FINRA member firm. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.<sup>1</sup>

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **OVERVIEW**

From at least January 2021 to January 2022, Morfin violated FINRA Rules 1210 and 2010 by engaging in investment banking activities at Cabot Lodge without registering with FINRA as an Investment Banking Representative and by acting in a principal capacity at Purshe Kaplan without registering with FINRA as a General Securities Principal.

## **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 1210 requires that each person engaged in the investment banking or securities business of a member shall be registered with FINRA as a representative or principal in each category of registration appropriate to his or her functions and responsibilities, as specified in Rule 1220.

FINRA Rule 1220(b)(5)(A) requires representatives to register with FINRA as an Investment Banking Representative if their activities in a member firm's investment banking or securities business involve: "(i) advising on or facilitating debt or equity securities offerings through a private placement or a public offering . . . or (ii) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions . . ."

FINRA Rule 1220(a)(2)(A) states that every person who functions as a General Securities Principal is required to register as such with FINRA. FINRA Rule 1220(a)(1) defines "principal" as any person associated with a member who is "actively engaged in the management of the member's investment banking or securities business," including engaging in supervision, solicitation, conduct of business, or training of associated persons.

A violation of FINRA Rule 1210 also constitutes a violation 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.

Morfin engaged in investment banking activities for Cabot Lodge, without registering with FINRA as an Investment Banking Representative. Morfin never passed the examination relating to the Investment Banking Representative registration category nor was he ever registered as an Investment Banking Representative at Cabot Lodge.

Nonetheless, Morfin actively engaged in investment banking activities at Cabot Lodge from at least January 2021 to January 2022. This included Morfin's participation in two offerings for which Cabot Lodge was engaged as a financial advisor for the purposes of raising capital through equity and/or debt. With respect to the first offering, Morfin provided advice on how the offering should be structured, facilitated due diligence for the offering, and assisted with preparing the offering materials. With respect to the second offering, Morfin directed a Cabot Lodge employee to send an investment banking engagement letter to the issuer of the offering, attended meetings and calls regarding the

offering, signed a non-disclosure agreement relating to the offering, and marketed the offering to an investment firm.

Morfin also acted in a principal capacity for Purshe Kaplan, without registering with FINRA as a General Securities Principal. Morfin never passed the examination relating to the General Securities Principal registration category nor was he ever registered as a principal with Purshe Kaplan.

Nonetheless, Morfin was actively engaged in a principal capacity at Purshe Kaplan from at least January 2021 to January 2022. He was involved in the hiring and attempted firing of several Purshe Kaplan employees, including an executive level employee, and the setting of their individual employment terms, such as compensation. Morfin also directed the Chief Financial Officer (CFO) of Purshe Kaplan to make large wire transfers out of the firm, and dictated when the CFO should pay individual Purshe Kaplan bills. Despite not being registered with Purshe Kaplan in any capacity, Morfin also expensed hundreds of thousands of dollars of business expenses to Purshe Kaplan at his own discretion.

Therefore, Morfin violated FINRA Rules 1210 and 2010.

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

- a five-month suspension from associating with any FINRA member in all capacities; 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 he is barred or suspended from associating with any FINRA member, 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, he 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.

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 him;
- 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**

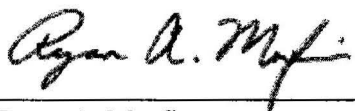
Respondent understands that:

- 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 he 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 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 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 him to submit this AWC.

10/19/23  
Date

  
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Ryan A. Morfin  
Respondent

Reviewed by:



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Jeff Kern  
Counsel for Respondent  
Sheppard Mullin Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, NY 10112-0015

Accepted by FINRA:

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



November 1, 2023

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Date

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Shefali Singh  
Counsel  
FINRA  
Department of Enforcement  
200 Liberty Street, 11th Floor  
New York, NY 10281-1003