

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023078431201**

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

RE: Brian Keith Jones (Respondent)
General Securities Representative
CRD No. 4203098

Pursuant to FINRA Rule 9216, Respondent Brian Keith Jones 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

Jones first became registered with FINRA in July 2000 through an association with a FINRA member firm. Since October 2018, he has been registered with FINRA in several capacities, including as a General Securities Representative, through an association with Cambridge Investment Research, Inc. (CRD No. 39543).¹

OVERVIEW

In December 2020, Jones participated in two private securities transactions, totaling \$100,000, without providing prior written notice to his firm. Specifically, Jones recommended and facilitated investments in a private placement offering without first providing written notice of the transactions to his firm. As a result, Jones violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of a FINRA Rule 4530 disclosure filed by Cambridge on April 10, 2023, reporting that the firm had fined Jones for "selling an unapproved product to two clients on December 29, 2020."

¹ For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

FINRA Rule 3280(b) requires that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person’s proposed role therein.” FINRA Rule 3280(e) defines a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” FINRA Rule 3280(c) states that if an associated person has received or may receive selling compensation, the member firm shall provide written approval or disapproval of the associated person’s participation in the proposed private securities transaction.

A violation of FINRA Rule 3280 is also a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

While associated with Cambridge, Jones also was associated with a Cambridge-affiliated investment adviser that was registered with the U.S. Securities and Exchange Commission. In December 2020, Jones recommended and facilitated investments in a private placement offering by two of his investment advisory customers. Each customer invested \$50,000 in the offering, which was not on the list of investments that Cambridge or its affiliated investment advisor had approved for sale to its customers. Jones researched the offering, recommended that the customers purchase shares in the offering, and facilitated the close of the transactions and the transfer of purchased shares from the issuer to the customers’ accounts. Jones earned at least \$1,360 in investment advisory fees attributable to these customers’ investments in the offering. Jones did not disclose his participation in these private securities transactions to Cambridge at any time, nor did he seek or receive Cambridge’s written approval to participate in these transactions.

Cambridge prohibited registered representatives from participating in private securities transactions—such as transactions involving products that were not on the firm’s approved products list—without first providing written notice to the firm and receiving approval from the firm’s compliance department. The firm’s procedures also specifically stated that “[a]ny purchase or sale of securities which result from the investment advisory activities conducted by . . . dually registered persons are considered private securities transactions which must be supervised by Cambridge and documented in Cambridge’s books and records.” When asked on his 2021 annual firm compliance questionnaire whether, within the last two years, he had assisted, advised, or facilitated any private securities transactions, Jones falsely responded that he had not. In his 2022 annual firm compliance questionnaire, however, Jones disclosed for the first time that he in fact had participated in the December 2020 private securities transactions.

Therefore, Jones violated FINRA Rules 3280 and 2010.

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

- a 45-calendar-day suspension from associating with any FINRA member in all capacities and

- a \$5,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

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.

2-12-2024

Date



Brian Keith Jones
Respondent

Reviewed by:



Lars Hulsebus
Counsel for Respondent
Dickinson, Bradshaw, Fowler & Hagen, P.C.
801 Grand Ave.
Suite 3700
Des Moines, IA 50309

