

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

CRAIG G. LANGWEILER  
(CRD No. 841897),

Respondent.

Disciplinary Proceeding  
No. 2011029549201

Hearing Officer—LOM

**HEARING PANEL DECISION**

March 17, 2017

**Respondent willfully failed to timely disclose unsatisfied tax liens and judgments on his Form U4 in violation of Article V, Section 2(c) of FINRA’s By-Laws, NASD IM-1000-1, FINRA Rules 1122 and 2010, and NASD Conduct Rule 2110. For this misconduct, Respondent is suspended from associating with any FINRA member in any capacity for two years and fined \$10,000.**

**Respondent separately violated FINRA Rule 2010 by providing false information regarding the unsatisfied tax liens and judgments to his firm and to FINRA. For this misconduct, Respondent is suspended from associating with any FINRA member in any capacity for two years and fined \$10,000.**

**The suspensions are to run concurrently. In addition, Respondent is ordered to pay costs.**

**Appearances**

For the Complainant: Karen C. Daly, Esq., David F. Newman, Esq., and Christopher Kelly, Esq., Department of Enforcement, Financial Industry Regulatory Authority, Philadelphia, Pennsylvania.

For the Respondent: Jon-Jorge Aras, Esq., and Samuel Halterman, Esq., Spadea, Lanard & Lignana, LLC, Philadelphia, Pennsylvania.

## DECISION

### I. INTRODUCTION

The facts are largely undisputed. As charged in the First Cause of Action, Respondent, Craig G. Langweiler, failed to disclose on his Uniform Application for Securities Industry Registration or Transfer (“Form U4”) three unsatisfied judgments and three unsatisfied federal tax liens until long after the time he was required to disclose them. In one case involving an unsatisfied judgment entered in May 2008, the delay in reporting was approximately four years, and Respondent only made the disclosure after being questioned about the judgment in a June 5, 2012 on-the-record interview (“OTR”).

In addition, as charged in the Second Cause of Action, when Langweiler joined his current firm in October 2011, he falsely attested on a background questionnaire that he had no liens or judgments. At that time, he had at least one tax lien and one outstanding judgment against him. He similarly provided false information on a FINRA questionnaire in July 2014, disclosing only one judgment and one federal tax lien while omitting others.

The undisclosed judgments and liens charged in the Complaint amounted to nearly \$200,000 and were material. Langweiler was suffering from serious financial problems that other participants in the industry, including regulators, investors, and the firms that employed him, would have wanted to know about when evaluating his fitness to serve as a financial advisor. The failure to disclose the unsatisfied judgments and tax liens altered the total mix of information publicly available.

Langweiler maintained that he was unaware of the judgments and liens against him until FINRA staff called them to his attention. He offered various explanations and excuses. We do not find those explanations and excuses credible. Langweiler also maintained that any failure to act promptly was no more than inadvertence or negligence. We also reject that argument.

Instead, we find, as charged in the First Cause of Action, that Langweiler’s multiple failures to timely update his Form U4 were willful. The finding that his misconduct was willful subjects him to statutory disqualification. We also find, as charged in the Second Cause of Action, that his false and misleading statements on the questionnaires to his firm and to FINRA were egregious.

Stringent sanctions are warranted. It is aggravating that Langweiler engaged in a pattern of misconduct for more than six years, and that he only disclosed the unsatisfied judgments and liens after FINRA staff inquired about them. Separately for each of the two Causes of Action, he is suspended for two years and fined \$10,000, with the suspensions to run concurrently. He is also ordered to pay costs.

## II. PROCEDURAL HISTORY

On December 15, 2015, FINRA's Department of Enforcement ("Enforcement") filed its Complaint against Langweiler, and on January 7, 2016, Enforcement filed a corrected Complaint. After two extensions of time, Langweiler filed his Answer on March 25, 2016. A two-day hearing was held on August 10-11, 2016.<sup>1</sup> The parties introduced exhibits into evidence<sup>2</sup> and entered into stipulations.<sup>3</sup> Post-hearing briefing was completed on October 14, 2016.<sup>4</sup>

## III. FACTS

### A. Jurisdiction

FINRA has jurisdiction to bring this proceeding against Langweiler because he is currently registered, and the Complaint charges him with misconduct committed while he was registered.<sup>5</sup>

### B. Respondent

Langweiler first became registered with FINRA as a General Securities Representative in September 1977. From then until now, he has remained registered. Most recently, he has been registered with three firms: (i) from September 2007 through September 2008, with Saxony Securities, Inc. ("Saxony"); (ii) from October 2008 through October 2011, with Summit Brokerage Services, Inc. ("Summit"); and (iii) from October 2011 to the present, with Meyers Associates, L.P. ("Meyers").<sup>6</sup>

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<sup>1</sup> In addition to Langweiler, three other persons testified: Tamara Kraus, a compliance professional at Respondent's firm who is responsible for filing U4 amendments for anyone registered with the firm; Melita Saunders, a FINRA principal examiner responsible for the Langweiler investigation; and Anthony D'Aversa, a FINRA principal examiner who assisted in a 2014 cycle examination at Langweiler's firm. Testimony is referred to here by "Hearing Tr. (name of witness)" and page number. Thus, Langweiler's testimony is cited as "Hearing Tr. (Langweiler) 227."

<sup>2</sup> The parties introduced joint exhibits into evidence, which are referred to here with the prefix "JX" and an identifying number. Thus, Langweiler's Form U4 is cited as "JX-40." Respondent's exhibits are identified in a similar format using the prefix "RX." Enforcement's exhibits are also identified in that format using the prefix "CX."

<sup>3</sup> The stipulations are cited here as "Stip." with an identifying paragraph number, such as "Stip. ¶ 5."

<sup>4</sup> The parties filed simultaneous post-hearing briefs on September 29, 2016, and simultaneous reply briefs on October 14, 2016. The briefs were titled as follows and will be referred to here by the indicated abbreviations: Respondent's Post-Hearing Brief ("Resp. PH Br."); Department of Enforcement's Post-Hearing Brief ("Enf. PH Br."); Respondent's Post-Hearing Reply Brief ("Resp. Reply"); Department of Enforcement's Post-Hearing Reply Brief ("Enf. Reply").

<sup>5</sup> FINRA By-Laws, Art. IV, Section 6; Art. V, Section 4.

<sup>6</sup> Stip. ¶¶ 1-3.

### **C. Langweiler Knew He Had A Responsibility To Update His Form U4**

Langweiler knew that he had a responsibility to update his Form U4 and to make sure that it was at all times current and accurate. As a longtime member of the securities industry, Langweiler had previously submitted Forms U4 at the various firms through which he was registered. He testified that he knew that each time he submitted a Form U4 he was swearing or affirming that the answers were accurate to the best of his knowledge. He also admitted that he knew that the Form U4 contains a standard provision by which the registered person agrees to update the form when changes occur.<sup>7</sup>

Langweiler's current firm, Meyers, has Written Supervisory Procedures ("WSPs") that require registered employees to report unsatisfied liens and judgments promptly so that updated information can be reported within 30 days. Furthermore, throughout his employment at Meyers, the firm has annually given its representatives a summary of the firm's requirements and required each individual to review and sign the document. By signing, the representative agrees to abide by the specified requirements.<sup>8</sup>

One of the Meyers annual certifications signed by Langweiler was introduced into evidence.<sup>9</sup> By signing the annual certification, Langweiler specifically agreed that he would "immediately notify the compliance department of any required updates to [his] U-4, including ... updates to any open liens or other personal financial ... matters."<sup>10</sup>

### **D. The Unsatisfied Judgments And Tax Liens**

We separately discuss in chronological order each unsatisfied judgment and tax lien charged in the Complaint. Langweiler offered differing explanations and excuses for his failure to timely disclose the judgments and liens, but, for the most part, Langweiler's defense boils down to his claim that he was unaware of the judgments and liens until FINRA staff drew his attention to them. For the reasons set forth below, we do not find his claim credible.

#### **1. 2008 Adamar Judgment For \$7,895.86**

On May 20, 2008, the Superior Court for Atlantic County, New Jersey entered a judgment against Langweiler and in favor of "Adamar of New Jersey Inc. TA The Tropicana Casino & Resort" for \$7,895.86 ("Adamar Judgment"). In October 2008, an attorney for Adamar

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<sup>7</sup> Hearing Tr. (Langweiler) 182-83.

<sup>8</sup> Hearing Tr. (Kraus) 29-35, 76-77; JX-16; JX-25, at 4. Kraus testified that Meyer used an annual certification form throughout the time she has been at the firm, and she joined the firm in July 2011, just a few months before Langweiler. She said that the firm kept a spreadsheet with every registered person's name on it. The firm would check a person's name once the annual certification was returned and would not stop requesting the certification until it was signed and returned. Hearing Tr. (Kraus) 76-77.

<sup>9</sup> Hearing Tr. (Kraus) 34-35; JX-25, at 4.

<sup>10</sup> JX-25, at 2, item 14.

(the casino) certified that the Adamar Judgment remained unpaid and that interest and a docketing fee should be added to the sum owing.<sup>11</sup>

Langweiler admitted receiving mail from Adamar, although he did not know if he received it in 2008, 2009, or 2010.<sup>12</sup> He testified that he did not recognize the name Adamar at the time, but he now knows that Adamar is the name Ramada spelled backwards and Ramada owns Tropicana. Langweiler claimed that he thought mail from Adamar was junk mail, and that he did not open the envelope. He said if he had known at the time that it was related to the Tropicana Casino, and if it had been sent by registered or certified mail, he would have paid more attention.<sup>13</sup> Langweiler claimed that he first learned of the Adamar Judgment at his 2012 OTR, when he was shown a LexisNexis report listing a number of judgments and liens against him.<sup>14</sup>

We find Langweiler's testimony that he was unaware of the Adamar Judgment not credible for two reasons.

First, Langweiler's hearing testimony was inconsistent with his OTR. At his OTR, he said that he had received notice of the Adamar Judgment shortly before the OTR and he believed that the judgment was still outstanding.<sup>15</sup> From his OTR testimony, it is clear that Langweiler did not simply toss the Adamar mail without opening it.

Second, Langweiler testified at the hearing about the Adamar mail inconsistently. He first said that he had "received lots of mail from a company that said Adamar on the envelope," but he "paid no attention to it."<sup>16</sup> He claimed that he tossed the Adamar mail without opening it. He was then asked whether he got multiple mailings from Adamar. Although he had just said that he had received "lots" of Adamar mail, he responded "No, I did not."<sup>17</sup> He apparently altered his testimony because it is more believable that he might not open a single piece of mail than that he would ignore "lots" of mail. In any event, Langweiler's assertion that he did *not* receive multiple pieces of Adamar mail is not credible. An effort to collect on a judgment debt is unlikely to stop at one mailing.

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<sup>11</sup> CX-41.

<sup>12</sup> Hearing Tr. (Langweiler) 181, 225.

<sup>13</sup> Hearing Tr. (Langweiler) 225-26, 281-82.

<sup>14</sup> Hearing Tr. (Langweiler) 227; Hearing Tr. (Saunders) 83.

<sup>15</sup> It was this testimony about an unsatisfied judgment that triggered FINRA staff to investigate further and conduct a LexisNexis search of public records during a break at the OTR. They learned from the LexisNexis report about various judgments and liens against him, which they then questioned him about at the OTR. Hearing Tr. (Saunders) 82-84; JX-9.

<sup>16</sup> Hearing Tr. (Langweiler) 225.

<sup>17</sup> Hearing Tr. (Langweiler) 226.

Langweiler was at Saxony at the time of entry of the Adamar Judgment. He should have disclosed the Adamar Judgment before he left Saxony in September 2008, but he did not. He should have disclosed the Adamar Judgment when he was with Summit from October 2009 through October 2011, but he did not. Nor did Langweiler disclose the Adamar Judgment on the Form U4 he submitted through Meyers on October 21, 2011.<sup>18</sup> He first disclosed the Adamar Judgment in amendments to his Form U4 on August 8, 2012,<sup>19</sup> roughly four years after entry of the Adamar Judgment. The Adamar Judgment remains unsatisfied.<sup>20</sup>

## **2. 2011 IRS Tax Lien For \$40,204**

The Internal Revenue Service (“IRS”) issued a Notice of Federal Tax Lien dated September 6, 2011, in the amount of \$40,204.44 for the tax period ending December 31, 2009 (“2011 IRS Tax Lien” or “the Notice”). It was filed in the Court of Common Pleas for Montgomery County, Pennsylvania, on or about September 13, 2011, in *IRS v. Langweiler*, Case # 2011-71759.<sup>21</sup>

Langweiler maintains that he did not know of the 2011 IRS Tax Lien until he was made aware of it at his June 5, 2012 OTR.<sup>22</sup> At the hearing he testified that he moved four times during the relevant period,<sup>23</sup> implying that the Notice may not have reached him. He complained that the postal service is “not very cooperative anymore,”<sup>24</sup> implying that the postal service failed to forward the Notice to the correct address or otherwise make sure the mail reached him.

The address on the Notice was 700 Welsh Road, Apartment 444, Huntingdon Valley, Pennsylvania, 19006-6427. When asked at the hearing whether he was at that address in September 2011, Langweiler said “I believe so.”<sup>25</sup> However, when shown the address on the Notice, Langweiler declared that he had changed apartments in the same building.<sup>26</sup> Then, when shown a LexisNexis report indicating that he lived at 700 Welsh Road, Apartment 444 from September 2011 through May 2012, Langweiler said, “It’s hard to remember the exact dates.”<sup>27</sup>

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<sup>18</sup> Hearing Tr. (Langweiler) 183-84.

<sup>19</sup> JX-40, at 43-44 (Aug. 8, 2012 Form U4 amendment).

<sup>20</sup> Stip. ¶ 5.

<sup>21</sup> Stip. ¶ 6; JX-38.

<sup>22</sup> Hearing Tr. (Langweiler) 173-74, 176.

<sup>23</sup> Hearing Tr. (Langweiler) 177.

<sup>24</sup> Hearing Tr. (Langweiler) 233.

<sup>25</sup> JX-38; Hearing Tr. (Langweiler) 176-77.

<sup>26</sup> Hearing Tr. (Langweiler) 179.

<sup>27</sup> Hearing Tr. (Langweiler) 179-80.

Langweiler later suggested he was at a different address at the time the Notice was sent. He said at that time he lived at 444 Carson Terrace, implying that it was an entirely different address.<sup>28</sup>

Langweiler's OTR testimony differed from his hearing testimony.<sup>29</sup> At his OTR, Langweiler testified that at the time of the 2011 IRS Tax Lien, his address was 700 Welsh Road, Apartment 444.<sup>30</sup> He also testified that he received something from the IRS and he knew that he gave something to his accountant.<sup>31</sup> Langweiler testified that he had "received notification of a problem with a tax filing from a previous year," and he specifically remembered the amount at issue, \$40,204. He testified that "there were taxes, lien, of that amount \$40,204. I recognize that amount number."<sup>32</sup> He further testified that he changed to a new accountant after receiving some kind of notification of a tax problem prior to the fourth quarter of 2011, meaning by September 30, 2011.<sup>33</sup>

We do not find Langweiler's assertion that he was unaware of the 2011 IRS Tax Lien credible. His testimony at the hearing was evasive and argumentative.<sup>34</sup> He did not adequately explain the inconsistencies between his hearing testimony and his OTR testimony. He eventually said that he was at 700 Welsh Road at the time the Notice was sent, but added that he had been in a different apartment, 442 Carson Terrace, in early 2011. He said he was at 444 Carson Terrace by the time the lien was filed.<sup>35</sup> He also eventually explained that 444 Carson Terrace, which sounded like a separate, different address, was actually the same building as the building at 700 Welsh Road; Carson Terrace was the name of the building complex, and so the 444 Carson Terrace address was just another way to address mailings.<sup>36</sup>

Langweiler did not disclose the 2011 IRS Tax Lien on his October 21, 2011 Form U4.<sup>37</sup> He only disclosed the 2011 IRS Tax Lien in a Form U4 amendment submitted on August 8, 2012, after FINRA staff had questioned him about the 2011 IRS Tax Lien.<sup>38</sup> This was

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<sup>28</sup> Hearing Tr. (Langweiler) 235-36.

<sup>29</sup> Hearing Tr. (Langweiler) 280.

<sup>30</sup> Hearing Tr. (Langweiler) 279.

<sup>31</sup> Hearing Tr. (Langweiler) 279.

<sup>32</sup> Hearing Tr. (Langweiler) 175 (reading into the record 2012 Langweiler OTR Tr. at 132:20-133:6).

<sup>33</sup> Hearing Tr. (Langweiler) 175 (reading into the record 2012 Langweiler OTR Tr. at 132:20-133:6).

<sup>34</sup> Hearing Tr. (Langweiler) 175-76, 179-80.

<sup>35</sup> Hearing Tr. (Langweiler) 234-36.

<sup>36</sup> Hearing Tr. (Langweiler) 235-36.

<sup>37</sup> Hearing Tr. (Langweiler) 183-34; JX-3.

<sup>38</sup> JX-40, at 40-41.

approximately ten months after the Notice was sent to him. The 2011 IRS Tax Lien has not been discharged.<sup>39</sup>

### **3. 2012 Fleetway Judgment For \$38,105**

On January 31, 2012, Fleetway Leasing Company obtained a default judgment against Langweiler in the Court of Common Pleas for Bucks County, Pennsylvania, in the amount of \$38,105 (the “Fleetway Judgment”).<sup>40</sup> Langweiler hired an attorney in connection with the dispute.<sup>41</sup> On February 7, 2012, Langweiler filed a verified answer disputing the amount of the Fleetway Judgment. He signed the answer, verifying that it was true and correct.<sup>42</sup> On March 13, 2012, Langweiler petitioned to reopen the default judgment in favor of Fleetway.<sup>43</sup>

Although it appears inarguable that Langweiler was aware of the Fleetway Judgment no later than March 13, 2012, when he petitioned to reopen the judgment, and that he likely was aware of it in early February when he filed the verified answer, he did not amend his Form U4 timely. He still had not disclosed the Fleetway Judgment on his Form U4 at the time of his OTR on June 5, 2012.

At the hearing, Langweiler argued the merits of his dispute with Fleetway over a car lease. He asserted that he did not believe that the company had a valid judgment against him in connection with the dispute. He stated that, if anything, the leasing company owed him money.<sup>44</sup> But even if the company did, it did not relieve him of the obligation to disclose the Fleetway Judgment.

Although we find his testimony about the car leasing dispute irrelevant to whether he violated FINRA rules, it is relevant to our evaluation of his credibility. Langweiler’s hearing testimony regarding the Fleetway Judgment was inconsistent with the information he provided in his verified answer in the dispute. At the hearing, Langweiler testified he had leased a car for about a year when he let the insurance lapse for two days. The leasing company then took advantage of a provision in the contract that allowed it to repossess the car if the lessor has no insurance. The company repossessed the car and sold it. However, the company insisted that Langweiler still owed the payments remaining on the lease. Langweiler hired an attorney to represent him in the dispute, but when the attorney wanted a \$2,000 payment to continue the representation, Langweiler gave up.<sup>45</sup>

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<sup>39</sup> Stip. ¶ 7.

<sup>40</sup> Stip. ¶ 8.

<sup>41</sup> JX-11, at 8-9.

<sup>42</sup> JX-12, at 4-7.

<sup>43</sup> JX-11, at 8-9.

<sup>44</sup> Hearing Tr. (Langweiler) 244-45.

<sup>45</sup> Hearing Tr. (Langweiler) 243-44.



In the verified answer he filed in the car leasing dispute, Langweiler told the court that he had contacted the leasing company to tell them that he had lost his employment and he wanted the leasing company to keep the car for him for “safekeeping” until he could bring the outstanding balance current. Langweiler stated in the verified answer that he had already made payments in excess of \$69,000 on the car and that he had relied on the company’s promise to keep it for him until he could make the outstanding lease payments. He complained that the car company had sold the car without honoring its agreement to give him a reasonable amount of time to bring his payments up to date.<sup>46</sup>

Although the reasons Fleetway repossessed and sold the car do not bear on the issues in this case, the different stories Langweiler told to the Hearing Panel and to the court under oath indicate that Langweiler’s testimony is not trustworthy. Both stories cannot be true, and it may be that neither is. Neither was convincing.

Langweiler disclosed the Fleetway Judgment on his Form U4 on August 8, 2012, after it was discussed at his OTR.<sup>47</sup> This was at least six months after he was aware of the judgment. The Fleetway Judgment remains unsatisfied.<sup>48</sup>

#### **4. January 2013 IRS Tax Lien For \$25,587**

On or about January 14, 2013, the IRS recorded a tax lien against Langweiler in the Court of Common Pleas for Bucks County, Pennsylvania, in *USA v. Langweiler*, Case # 2013-20019 (the “January 2013 IRS Tax Lien”). The amount of the January 2013 Tax Lien was \$25,587.<sup>49</sup> The 2013 IRS Tax Lien was addressed to Langweiler at P.O. Box 434 in Newtown, Pennsylvania.<sup>50</sup>

In the course of an examination of Langweiler’s branch office in the summer of 2014, FINRA staff sent Langweiler a written request for information. Langweiler responded, disclosing two house foreclosures, the Fleetway Judgment, and a tax lien in an unspecified amount. He indicated that his firm was sending monthly payments on the tax lien to the IRS. FINRA staff then researched Langweiler’s public records and discovered the January 2013 IRS Tax Lien. The staff sent a follow-up inquiry for an explanation why the tax lien was not disclosed. Langweiler told the staff that he had assumed that his firm’s payroll department had notified the compliance department and provided the information necessary to make the disclosure. He provided a copy of a single-page Notice of Levy on Wages, Salary, and Other Income (“Notice of Levy”) dated November 21, 2013. It listed unpaid balances on income taxes for each separate year from 2006

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<sup>46</sup> JX-12, at 4-7.

<sup>47</sup> Hearing Tr. (Langweiler) 245-46; Hearing Tr. (D’Aversa) 116-17; JX-40, at 38-39.

<sup>48</sup> Stip. ¶ 9.

<sup>49</sup> Stip. ¶ 12.

<sup>50</sup> JX-36.

through 2011. It included the January 2013 IRS Tax Lien, which covered the tax period ending on December 31, 2011.<sup>51</sup>

FINRA staff also asked Langweiler's firm about the failure to disclose the January 2013 IRS Tax Lien. Kraus, who was responsible for handling Form U4 amendments for registered persons with Meyers, then spoke to Langweiler about the issue. He represented to her that he had provided an IRS tax levy to the firm's accounting and payroll department and had assumed that payroll had provided the information to compliance. He gave her a copy of the Notice of Levy. Kraus then responded to FINRA staff, indicating that she had only just received the Notice. She made clear in her response that it was Langweiler's own responsibility under the firm's policies and procedures to notify the compliance department of any reportable updates to his Form U4.<sup>52</sup> Kraus testified that she knew of no other instance where the payroll department had received such a Notice of Levy and had not informed her of it.<sup>53</sup>

Langweiler claimed that he was unaware of the January 2013 IRS Tax Lien at the time it was recorded because of another problem with his mail. Langweiler testified that he was having mail forwarded from his business address to the post office box in early 2013, but that he had stopped paying the post office box bill. He said he did not pick up his mail at the post office box until September 2013. When he did pick up the mail, he opened an envelope forwarded to the post office box on March 15, 2013. He said the envelope contained a tax lien. He did not recall which one of the tax liens it was. The empty envelope is in evidence. There is no explanation why the envelope was retained and the contents were not.<sup>54</sup>

We do not find Langweiler's testimony regarding his failure to timely disclose the January 2013 IRS Tax Lien credible. His testimony concerning his interactions with his firm's payroll department was confused, inconsistent, and uncorroborated. Furthermore, it is not credible that Langweiler did not look at his mail for at least six months, particularly in light of his accumulating financial difficulties. He had to be aware that important communications regarding financial matters requiring his attention might be delivered to his post office box.

Langweiler finally amended his Form U4 to disclose the January 2013 IRS tax lien on August 14, 2014, a year and a half after the date of the lien. When he amended his Form U4, Langweiler indicated that he had become aware of the lien on November 21, 2013. He provided no basis for choosing that date. Even if that were the actual date, he still did not amend his Form U4 within 30 days. His August 2014 amendments were more than six months later. The January 2013 IRS Tax Lien has not been discharged.<sup>55</sup>

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<sup>51</sup> Hearing Tr. (D'Aversa) 110-24; JX-26, at 4; JX -27.

<sup>52</sup> Hearing Tr. (D'Aversa) 124-26; Hearing Tr. (Kraus) 46-57, 66-67; JX-30.

<sup>53</sup> Hearing Tr. (Kraus) 52-53.

<sup>54</sup> Hearing Tr. (Langweiler) 205-07; RX-1.

<sup>55</sup> Stip. ¶ 13.

## 5. March 2013 Landlord Judgment For \$10,942

On or about March 4, 2013, Langweiler's landlord obtained a default judgment against him in Philadelphia Municipal Court for unpaid rent for \$10,942 ("Landlord Judgment").<sup>56</sup> Langweiler knew about the Landlord Judgment by March 19, 2013, when he personally filed a petition seeking to vacate the Landlord Judgment, which was immediately denied because it was too late.<sup>57</sup>

Nevertheless, Langweiler testified that he did not find out that the Landlord Judgment was a final judgment against him until after FINRA staff made him aware of it.<sup>58</sup> When he disclosed the Landlord Judgment on August 14, 2014, he stated that he became aware of it on July 18, 2014. At the hearing, he acknowledged that the July date was wrong, but later he hypothesized that it might have been the date when he finally understood that the default judgment was a final judgment and not just a court case.<sup>59</sup>

We find Langweiler's testimony regarding the Landlord Judgment evasive, vague, and not credible. He clearly knew about the Landlord Judgment no later than when he sought to vacate it in March 2013, and yet he did not disclose it on his Form U4 for more than a year thereafter. Even then, when he finally disclosed it, he did not tell the truth. He falsely represented on his Form U4 that he had only learned of it in July 2014.<sup>60</sup> The Landlord Judgment remains unsatisfied.<sup>61</sup>

## 6. July 2013 IRS Tax Lien For \$77,290

On or about July 22, 2013, the IRS recorded a tax lien against Langweiler in the amount of \$77,290 ("July 2013 IRS Tax Lien") in the Court of Common Pleas for Bucks County, Pennsylvania, in *USA v. Langweiler*, Case # 2013-20632.<sup>62</sup> In addition to sending a copy of the lien notice by certified mail to Langweiler at his former office address, the IRS also mailed a copy to Langweiler's accountant on August 1, 2013.<sup>63</sup>

At the hearing, Langweiler could not remember if his accountant had given him a copy of the July 2013 IRS Tax Lien, but he did concede that they had discussed it.<sup>64</sup> Nevertheless, he did

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<sup>56</sup> Stip. ¶ 14; JX-34.

<sup>57</sup> Hearing Tr. (Langweiler) 254-56; JX-20.

<sup>58</sup> Hearing Tr. (Langweiler) 257.

<sup>59</sup> Hearing Tr. (Langweiler) 219-20, 257-58.

<sup>60</sup> Hearing Tr. (Langweiler) 219-20.

<sup>61</sup> Stip. ¶ 15.

<sup>62</sup> Stip. ¶ 16; JX-37.

<sup>63</sup> Hearing Tr. (Langweiler) 198-203; JX-23.

<sup>64</sup> Hearing Tr. (Langweiler) 198, 203.

not update his Form U4 until August 14, 2014, more than a year later, and he did so only after FINRA staff inquired about liens and judgments.<sup>65</sup> The July 2013 IRS Tax Lien has not been discharged.<sup>66</sup>

## **E. False Attestations**

### **1. False Response To Firm's Questionnaire**

Meyers required each representative to fill out a background questionnaire upon joining the Firm.<sup>67</sup> The questions mirrored the disclosure questions on a Form U4. Typically, the firm would review a representative's responses and compare them to his responses on his current Form U4 to note any discrepancies.<sup>68</sup>

When he joined Meyers in October 2011, Langweiler filled out Meyers' background questionnaire.<sup>69</sup> One of the questions asked whether he had any unsatisfied judgment or liens, and, if so, to set out an explanation. Langweiler answered the question "no."<sup>70</sup>

When Langweiler filled out the background questionnaire, he had at least one unsatisfied judgment (the Adamar Judgment) and one IRS tax lien (the 2011 IRS Tax Lien) against him.

### **2. False Response To FINRA's Questionnaire**

Prior to an on-site examination at Langweiler's branch office, FINRA staff sent him a personal activity questionnaire ("PAQ") to be filled out. He signed and returned it on July 14, 2014.<sup>71</sup> One of the questions was, "Do you have any unsatisfied judgments or liens against you?" The follow-up question was, "If yes, provide detail as to each."<sup>72</sup>

Langweiler disclosed a Bank of New York house foreclosure and a Wells Fargo house foreclosure, without any details such as the amounts or dates. He also disclosed the "Fleetway Judgment" but similarly did not provide any other information. Finally, he wrote that he had a single federal tax lien in an unspecified amount. He indicated that he was on a monthly payment

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<sup>65</sup> Hearing Tr. (Langweiler) 215-18.

<sup>66</sup> Stip. ¶ 17.

<sup>67</sup> Hearing Tr. (Kraus) 36-37.

<sup>68</sup> Hearing Tr. (Kraus) 37.

<sup>69</sup> JX-4.

<sup>70</sup> Hearing Tr. (Kraus) 37-38; JX-4, at 2.

<sup>71</sup> Hearing Tr. (D'Aversa) 110-11; JX-26.

<sup>72</sup> Hearing Tr. (D'Aversa) 112-13; JX-26, at 4.

plan with the IRS. He did not indicate how much money he was paying on the plan. Langweiler signed the document.<sup>73</sup>

By signing the PAQ, Langweiler attested that the information he provided was truthful and accurate.<sup>74</sup> It was not. He omitted the Adamar Judgment and the Landlord Judgment, which were both outstanding. While the Adamar Judgment was by then disclosed on his Form U4, the Landlord Judgment was not. He also omitted the two outstanding 2013 tax liens, which were not then disclosed on his Form U4.

Langweiler may have omitted other outstanding tax liens. As reflected in the Notice of Levy discussed above, as of November 2013, Langweiler had six outstanding balances for the tax years 2006 through 2011.<sup>75</sup>

## **F. Credibility**

As discussed above in connection with particular judgments and liens, Langweiler's testimony was frequently difficult to believe. The accumulation of uncorroborated and contradictory statements further decreases his overall credibility.

## **IV. CONCLUSIONS**

### **A. Legal Framework**

#### **1. Form U4**

FINRA's By-Laws impose a continuing obligation on every registered person to update information on his or her registration application. Article V, Section 2(c) of the By-Laws requires that such information "shall be kept current at all times by supplementary amendments ... filed ... not later than 30 days after learning of the facts or circumstances giving rise to the amendment."

The mechanism for complying with the By-Law provision is the amendment of the registered person's Form U4. FINRA Rule 1122 implements the By-Law provision by prohibiting registered persons from filing registration information on their Forms U4 that is so incomplete or inaccurate as to be misleading. The Rule even prohibits the filing of information that could "in any way tend to mislead." It further prohibits a failure to correct a filing once on notice of its incomplete, inaccurate, or misleading quality. Filing a false or incomplete Form U4 or failing to timely amend a Form U4 violates FINRA Rule 1122.<sup>76</sup>

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<sup>73</sup> JX-26, at 4.

<sup>74</sup> JX-26, at 4.

<sup>75</sup> JX-27, at 2.

<sup>76</sup> Langweiler's failure to timely report liens and judgments before August 17, 2009, violated NASD IM-1000-1, while the conduct occurring on and after August 17, 2009, violated FINRA Rule 1122.

Under the By-Law and Rules, every Form U4 must be accurate and must be kept current through supplemental amendments. The amendments must be filed within 30 days of learning of the facts and circumstances giving rise to the amendments.<sup>77</sup>

The Securities and Exchange Commission (“SEC”) has said that the importance of the Form U4 “cannot be overstated.”<sup>78</sup> FINRA and other regulators, as well as broker-dealer firms, use the Form U4 to determine and monitor the fitness of securities professionals. Forms U4, which are publicly available, also provide investors important information in deciding whom they trust to handle their investments and to advise them.<sup>79</sup> “Truthful answers ... can serve as an early warning mechanism, identifying individuals with troubled pasts or suspect financial histories. Untruthful answers call into question an associated person’s ability to comply with regulatory requirements.”<sup>80</sup> The timely updating of information on the Form U4 is critical to the screening process used to determine who may enter and remain in the industry, and it is a vital means of protecting the investing public.<sup>81</sup>

## 2. Ethical Conduct Rule

FINRA Rule 2010 requires FINRA members and their associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.<sup>82</sup> Participants in the securities industry must not only conform to legal and regulatory requirements but must conduct themselves with integrity, fairness, and honesty.<sup>83</sup> The SEC has explained that Rule 2010 encompasses any unethical business-related misconduct, even

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<sup>77</sup> *Robert D. Tucker*, Exchange Act Release No. 68210, 2012 SEC LEXIS 3496, at \*26-29 (Nov. 9, 2012).

<sup>78</sup> *Id.* at \*26.

<sup>79</sup> *Tucker*, 2012 SEC LEXIS 3496, at \*26. *See also North Woodward Fin. Corp.*, Exchange Act Release No. 74913, 2015 SEC LEXIS 1867, at \*30 (May 8, 2015).

<sup>80</sup> *Tucker*, 2012 SEC LEXIS 3496, at \*26. *See also Richard A. Neaton*, Exchange Act Release No. 65598, 2011 SEC LEXIS 3719, at \*16 & n.12 (Oct. 20, 2011) (candor and forthrightness of individuals making U4 filings critical to process of screening the fitness of individuals to be in the securities industry).

<sup>81</sup> *See Dep’t of Enforcement v. Elgart*, No. 2013035211801, slip op. at 7 (NAC Mar. 16, 2017).

<sup>82</sup> FINRA Rule 2010 is used here to refer not only to the current Rule regarding ethical conduct, but also to its predecessor rules at NASD and NYSE Regulation. The SEC applies the same analysis and precedents whichever particular rule is discussed. *Blair Alexander West*, Exchange Act Release No. 74030, 2015 SEC LEXIS 102, at \*20 n.13 (Jan. 9, 2015).

<sup>83</sup> *Robert Marcus Lane*, Exchange Act Release No. 74269, 2015 SEC LEXIS 558, at \*22 n.20 (Feb. 13, 2015) (“[T]his general ethical standard ... is broader and provides more flexibility than prescriptive regulations and legal requirements. [FINRA Rule 2010] protects investors and the securities industry from dishonest practices that are unfair to investors or hinder the functioning of a free and open market, even though those practices may not be illegal or violate a specific rule or regulation. [FINRA Rule 2010] has proven effective through nearly 70 years of regulatory experience.”) (internal quotations and citation omitted).

where the activity does not involve a security.<sup>84</sup> Dishonest acts reflect negatively on a person's ability to comply with regulatory requirements.<sup>85</sup> It is well established that a violation of any other FINRA Rule constitutes a violation of FINRA Rule 2010.<sup>86</sup> The filing of a false or incomplete Form U4, or the failure to timely file an amendment, thus also violates FINRA Rule 2010 (which replaced the identical NASD Rule 2110 on December 15, 2008). That Rule imposes a duty to observe high standards of commercial honor and just and equitable principles of trade.<sup>87</sup> Providing false information to FINRA is also an independent violation of Rule 2010.<sup>88</sup>

### 3. Statutory Disqualification

A person is subject to a statutory disqualification under Section 3(a)(39) of the Exchange Act if, among other things, the person has “willfully” made a false or misleading statement with respect to any material fact in his application to be associated with a FINRA member firm, or the person has omitted from the application a material fact that is required to be stated.<sup>89</sup> Thus, both willfulness and materiality bear on statutory disqualification.

Misconduct is willful in the context of the securities laws if the person “intentionally commit[ed] the act” that constitutes the violation, regardless of whether he understood that he was violating a particular rule.<sup>90</sup> Willful acts are voluntary, in contrast to acts that are inadvertent or coerced. All that is necessary is that the person intentionally commits the act that constitutes the violation.<sup>91</sup>

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<sup>84</sup> *Dep't of Enforcement v. Gallagher*, No. 2008011701203, 2011 FINRA Discip. LEXIS 40, at \*17-18 & n.46 (OHO June 13, 2011) (“Rule 2110 is an ethical rule .... FINRA’s authority to pursue disciplinary action for violations of Rule 2110 is sufficiently broad to encompass any unethical business-related misconduct, regardless of whether it involves a security.”); *aff'd*, 2012 FINRA Discip. LEXIS 61 (NAC Dec. 12, 2012) (respondent barred for acting as unregistered principal); *Dep't of Enforcement v. Mullins*, Nos. 20070094345 and 20070111775, 2011 FINRA Discip. LEXIS 61, at \*22 (NAC Feb. 24, 2011) (“FINRA’s disciplinary authority under NASD Rule 2110 is also broad enough to encompass business-related conduct that is inconsistent with just and equitable principles of trade, even if that activity does not involve a security.”) (internal citations and quotations omitted), *aff'd in part*, *John Edward Mullins*, Exchange Act Release No. 66373, 2012 SEC LEXIS 464 (Feb. 10, 2012).

<sup>85</sup> *Dep't of Enforcement v. Simbric*, No. 2011026168901, 2012 FINRA Discip. LEXIS 29, at \*9-10 (OHO Apr. 23, 2012) (respondent violated ethical conduct rule by falsifying correspondence).

<sup>86</sup> *Dep't of Enforcement v. Harari*, No. 2011025899601, 2015 FINRA Discip. LEXIS 2, at \*16 (NAC Mar. 9, 2015).

<sup>87</sup> Some of Langweiler’s misconduct occurred before December 15, 2008, when NASD Rule 2110 applied; FINRA Rule 2010 applied after that date.

<sup>88</sup> *Harari*, 2015 FINRA Discip. LEXIS 2, at \*16.

<sup>89</sup> *Michael Earl McCune*, Exchange Act Release No. 77375, 2016 SEC LEXIS 1026, at \*14 (Mar. 15, 2016).

<sup>90</sup> *Mathis v. SEC*, 671 F.3d 210, 215 (2d Cir. 2012).

<sup>91</sup> *McCune*, 2016 SEC LEXIS 1026, at \*15, \*19-20 & nn.22-23. *See also Dep't of Enforcement v. Riemer*, No. 2013038986001, 2016 FINRA Discip. LEXIS 56, at \*15-17 & nn.38-41 (OHO Nov. 4, 2016), *appeal docketed*, (Nov. 21, 2016); *Dep't of Enforcement v. Ottimo*, No. 2009017440201, 2015 FINRA Discip. LEXIS 42, at \*41 (OHO July 10, 2015), *aff'd*, (NAC Mar. 15, 2015).

In the context of Form U4 disclosures, the SEC has defined materiality in the following way: “[A] fact is material if there is a substantial likelihood that a reasonable regulator, employer, or customer would have viewed it as significantly altering the total mix of information made available.”<sup>92</sup> The National Adjudicatory Council (“NAC”) has held that “essentially all of the information that is reportable on the Form U4 may be considered material.”<sup>93</sup> Unsatisfied liens and judgments in particular are significant because they raise concerns about whether a registered representative can responsibly manage his own financial affairs. Ultimately, they cast doubt on a person’s ability to provide trustworthy financial advice and services to investors who rely on that person to act on their behalf as a securities industry professional.<sup>94</sup>

## **B. Langweiler Willfully Failed To Timely Disclose Material Information**

Applying the legal framework set forth above, we conclude that Langweiler’s failure to timely disclose information on his Form U4 violated Article V, Section 2(c) of FINRA’s By-Laws, NASD IM-1000-1, FINRA Rules 1122 and 2010, and NASD Conduct Rule 2110. His misconduct was willful, not inadvertent. He knew about the unsatisfied judgments and tax liens and yet failed to disclose them, as required, within 30 days.

- With respect to the 2008 Adamar Judgment, he admitted in his 2012 OTR that he was aware of it prior to the OTR. Although he did not admit to being aware of it in 2008, his testimony did not identify any later event that would have informed him. His claim at the hearing to have discarded the mail relating to the Adamar Judgment is rejected as not credible.
- With respect to the 2011 IRS Tax Lien, he admitted in his OTR that he had previously received notification of a tax problem involving the same amount of money that was subject to the Lien, and he further testified that he switched tax accountants after receiving that notice sometime before the fourth quarter. He claimed at the hearing, however, that the Notice of the lien mailed to him never reached him. We reject his claim that a problem with receiving mail left him ignorant of the Lien. IRS documents that “reflect that notices of liens were mailed ... in the regular course of business” create a presumption of receipt that cannot be overcome by a respondent’s “unsupported testimony.”<sup>95</sup>
- With respect to the January 2012 Fleetway Judgment, only a week after it was entered Langweiler began disputing the proceeding. He should have disclosed it on his Form U4 in February.

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<sup>92</sup> *McCune*, 2016 SEC LEXIS 1026, at \*21-22; *Mathis*, 671 F.3d at 219.

<sup>93</sup> *Dep’t of Enforcement v. Toth*, No. E9A2004001901, 2007 NASD Discip. LEXIS 25, at \*34 (NAC July 27, 2007).

<sup>94</sup> *Tucker*, 2012 SEC LEXIS 3496, at \*32-33.

<sup>95</sup> *Harari*, 2015 FINRA Discip. LEXIS 2, at \*27-28.



Langweiler only disclosed these matters on August 8, 2012, four years after the Adamar Judgment was entered, more than a year after the entry of the 2011 IRS Tax Lien, and approximately six months after entry of the Fleetway Judgment. And he did so only after FINRA staff questioned him about them.

Given the events leading to Langweiler's first set of amendments to his Form U4, he should have had a heightened awareness of his disclosure obligations. Instead, he failed to timely disclose two more tax liens and another judgment. The circumstances rule out inadvertence and make his misconduct egregious.

- With respect to the January 2013 IRS Tax Lien, Langweiler claimed he did not know about it until at least September 2013 because he was not picking up his mail at his post office box. He deliberately chose not to open important correspondence. That is willful conduct, not inadvertent.<sup>96</sup> He then claimed that he had sufficiently complied with his obligations because the payroll department knew about the January 2013 IRS Tax Lien at least as of November 21, 2013, the date of the document summarizing years of unpaid taxes. He claims he assumed that the payroll department had informed the compliance department. Langweiler did not provide corroboration that he informed the payroll department, but, even if he did, his reliance on the payroll department was not reasonable and did not satisfy his personal obligation to make sure his Form U4 was up-to-date. "The duty to maintain an accurate Form U4 lies primarily with an associated person who is in the best position to provide information about the questions presented in the form."<sup>97</sup> He did not disclose the January 2013 IRS Tax Lien until after FINRA staff sought information more than a year later.
- With respect to the March 2013 Landlord Judgment, on March 19, 2013, Langweiler petitioned to vacate it only fifteen days after it was entered. His failure to disclose the Landlord Judgment within 30 days was not inadvertent. He was aware of his obligation to disclose it, but simply decided not to do it.
- Finally, with respect to the July 2013 IRS Tax Lien, Langweiler could not remember if he ever saw it, but he admitted at his OTR that he discussed it with his accountant. He provided no explanation why he did not disclose it until FINRA staff inquired about judgments and liens in the summer of 2014.

Langweiler only disclosed the 2013 tax liens and judgment in amendments to his Form U4 on August 14, 2014, more than a year after each was entered. Again, he did so only after FINRA staff questioned him about them.

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<sup>96</sup> *Ottimo*, 2015 FINRA Discip. LEXIS 42, at \*41-42.

<sup>97</sup> *North Woodward*, 2015 SEC LEXIS 1867, at \*28.

We further conclude that the tax liens and judgments that he did not disclose were material. They were critical to assessing his fitness to work in the securities industry. The aggregated amount of the liens and judgments, \$200,000, was significant. The number of undisclosed items, six, was high. The length of time during which the liens and judgments were not disclosed varied, but many were not disclosed for more than a year. The Adamar Judgment was not disclosed for four years. From 2008, when the Adamar Judgment was entered, until August 2014, when Langweiler finally amended his Form U4 for the second time, he always had some undisclosed lien or judgment. That period of noncompliance extends roughly six years. Overall, the undisclosed liens and judgments, which remain unsatisfied, indicate that Langweiler has been suffering financial difficulties for years.

In *Mathis*, where the Second Circuit upheld an SEC decision affirming disciplinary action for failure to timely disclose tax liens on a Form U4, the Court of Appeals commented that the importance of accurate disclosure of a registered representative's serious financial problems on a Form U4 is "inarguable."<sup>98</sup> The conclusion that the withheld information was material was based on the amount of the liens (over \$600,000), the number of the liens (five), and the length of time during which the liens were not disclosed. The earliest lien was entered in August 1996 and was still undisclosed in July 2003, when FINRA contacted him about the five federal tax liens and asked for an explanation.<sup>99</sup>

We find the information Langweiler failed to disclose comparable in significance. The absence of that information from Langweiler's disclosures altered the total mix of information available to investors, his employer firms, and regulators. The information was material.

In sum, Langweiler repeatedly and willfully failed to disclose material information he was required to disclose within 30 days of learning of it. He only disclosed the judgments and tax liens after FINRA discovered them and conducted inquiries. There is every indication that he would never have disclosed the unsatisfied judgments and tax liens on his Form U4 if FINRA had not discovered them. He is subject to statutory disqualification.

### **C. Langweiler Provided False Information To His Firm And FINRA**

As discussed above, on October 21, 2011, when Langweiler joined Meyers, he provided information to the firm by answering a background questionnaire. He signed the document under penalty of perjury, declaring that to the best of his knowledge and belief the information he provided was true and correct. In response to a question whether he had any unsatisfied judgments or liens against him, he answered no. At that time the 2008 Adamar Judgment and 2011 IRS Tax Lien were outstanding. Langweiler's answer was false, and we reject his claim that he did not know about the Adamar Judgment or the 2011 IRS Tax Lien. We conclude that Langweiler knowingly provided false information to his firm.

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<sup>98</sup> *Mathis*, 671 F.3d at 220; *Ottimo*, 2015 FINRA Discip. LEXIS 42, at \*42-43.

<sup>99</sup> *Mathis*, 671 F.3d at 212-13, 219-20.

Similarly, on July 14, 2014, Langweiler provided information to FINRA staff on the PAQ. He signed the PAQ, representing that the information he provided was accurate and truthful. It was not. In response to a question about unsatisfied judgments and liens, he disclosed that he had one tax lien, without identifying its date or the amount. At the time, however, the two 2013 tax liens and the Landlord Judgment were outstanding. We reject his claim that he did not know about them, and so conclude that Langweiler knowingly provided false information to FINRA.

Langweiler violated FINRA Rule 2010 when he knowingly provided false and misleading information to his firm and FINRA. As discussed above, Rule 2010 imposes a duty to observe high standards of ethical conduct. Knowingly making false statements to one's firm or a regulator is an obvious violation of that standard.

## **V. SANCTIONS**

In considering the appropriate sanction for a violation, adjudicators in FINRA disciplinary proceedings look to FINRA's Sanction Guidelines ("the Guidelines"). The Guidelines contain recommendations for sanctions for many specific violations, depending on the circumstances. They also contain overarching Principal Considerations and General Principles, both of which are applicable in all cases. They are used to analyze aggravating and mitigating factors.<sup>100</sup>

The Guidelines are intended to be applied with attention to the regulatory mission of FINRA—to protect investors and strengthen market integrity.<sup>101</sup> The Guidelines caution that sanctions must be significant enough to prevent and discourage future misconduct by a respondent and to deter others from similar misconduct. Sanctions also should encourage improved business practices.<sup>102</sup>

### **A. First Cause Of Action**

For filing Forms U4 and amendments late, an individual may be fined between \$2,500 and \$37,000. For egregious cases, including cases involving repeated failures to file, untimely filings, the Guidelines call for consideration of a longer suspension of up to two years in any or all capacities, or a bar.<sup>103</sup>

We conclude that the most appropriate and remedial sanctions for Langweiler's misconduct are a two-year suspension and a \$10,000 fine. In reaching that conclusion, we considered the following.

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<sup>100</sup> FINRA Sanction Guidelines (2016) ("Guidelines"), <http://www.finra.org/industry/sanction-guidelines>.

<sup>101</sup> Guidelines at 1, Overview.

<sup>102</sup> Guidelines at 2, General Principle No. 1.

<sup>103</sup> Guidelines at 70.

Langweiler failed multiple times to timely file amendments to his Forms U4, and, when he did eventually file, he made false statements about when he became aware of the tax liens and judgments. For instance, he testified at his OTR in June 2012 that he had received notice of a tax issue with respect to the exact amount of the 2011 Tax Lien, but when he amended his Form U4 to disclose the 2011 Tax Lien, he claimed he only learned of it in June 2012 at his OTR. That was false. Similarly, he learned of the 2012 Fleetway Judgment no later than March 2012, when he petitioned to reopen the Judgment, but, again, he claimed in the amendment to his Form U4 that he had first learned of it in his June 2012 OTR. Only a couple of weeks after entry of the Landlord Judgment, Langweiler personally petitioned to vacate it. Later, when he amended his Form U4, he falsely claimed that he learned of the Landlord Judgment more than a year after it was entered.

As discussed above, after Langweiler filed his first set of amendments, he unquestionably knew that he was required in the future to amend his Form U4 if he became subject to unsatisfied tax liens or judgments. We find Langweiler's subsequent failure to disclose two more tax liens and the Landlord Judgment egregious misconduct.

The relevant specific Principal Consideration in determining sanctions for Form U4 violations is the nature and significance of the information at issue.<sup>104</sup> As discussed above, the undisclosed information was material. If the information had been disclosed, it would have revealed Langweiler's deepening financial problems and given rise to concerns about his ability to act as a financial counselor to others.

There are also a number of aggravating factors. Langweiler engaged in a pattern of misconduct,<sup>105</sup> and he persisted in it even after a regulatory investigation and an OTR finally caused him to disclose the first three items by amending his Form U4 in August 2012. It took other FINRA inquiries to prompt him to disclose the second set of items in September 2014.<sup>106</sup> Langweiler's false statements when he did file amendments were designed to conceal that he had failed to comply with his obligation to disclose liens and judgments within 30 days of learning of them, another aggravating factor.<sup>107</sup> Langweiler's misconduct stretched over an extended period of time,<sup>108</sup> approximately six years. Furthermore, it is aggravating that he signed annual certifications year after year representing under penalty of perjury that he was providing complete and accurate information for purposes of Form U4 disclosure. He engaged in the misconduct despite being offered the opportunity annually to set things straight.

We are unaware of any mitigating factors.

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<sup>104</sup> Guidelines at 69.

<sup>105</sup> Guidelines at 6, Principal Consideration 8.

<sup>106</sup> Guidelines at 7, Principal Consideration 15.

<sup>107</sup> Guidelines at 6, Principal Consideration 10.

<sup>108</sup> Guidelines at 6, Principal Consideration 9.

For this misconduct, we conclude that Langweiler should be suspended for two years and fined \$10,000. We find the sanctions appropriately remedial to deter him and others from engaging in similar misconduct.

## **B. The Second Cause Of Action**

Langweiler made false statements to his employer and to FINRA in the questionnaires he submitted to each. There is no Guideline that specifically addresses making false statements to an employer or a regulator. In lieu of such specific Guidelines, we consider the nature of the misconduct and the Principal Considerations applicable to sanctions in all cases.<sup>109</sup>

The misconduct is serious. By supplying false information to his firm and to FINRA, Langweiler concealed his failure to comply with regulatory requirements and subverted the ability of the firm and FINRA to perform oversight and protect the public interest.<sup>110</sup>

Again, we find only aggravating factors and no mitigating factors. It is aggravating that Langweiler has been in the securities industry a long time and should have been aware of his responsibility to be truthful and accurate in responding to his firm's compliance questionnaires and FINRA's inquiries. The regulatory system depends on the truth and completeness of the answers provided by regulated persons when they respond to such questionnaires. It is further aggravating that this misconduct was part of a pattern of withholding information<sup>111</sup> and that the misconduct was intentional and not inadvertent.<sup>112</sup>

For this misconduct, we find it appropriately remedial to suspend Langweiler for two years and fine him \$10,000. False statements in response to inquiries from employers and regulators undermine the very foundation of the regulatory system. That system depends on the truth and candor of registered entities and individuals.<sup>113</sup> Furthermore, such false statements, when uncovered, corrode public confidence in the markets.<sup>114</sup> Stringent sanctions are warranted to deter Langweiler and others from such misconduct.<sup>115</sup>

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<sup>109</sup> *Elgart*, slip op. at 17. There are Guidelines specifically addressing forgery and inaccurate records, which sometimes have been treated by adjudicators as analogous to the kind of conduct at issue here. But the NAC has recently determined that Guidelines for forgery or falsification of records are not sufficiently analogous. *Id.* Accordingly, we focus on the generally applicable Principal Considerations.

<sup>110</sup> *See Elgart*, slip op. at 17; Guidelines at 6, Principal Consideration 10.

<sup>111</sup> *Elgart*, slip op. at 18; Guidelines at 6, Principal Considerations 8 and 9.

<sup>112</sup> *Elgart*, slip op. at 18; Guidelines, at 7, Principal Consideration 13.

<sup>113</sup> Providing false information to a FINRA request is a violation of ethical standards and diminishes its ability to perform its regulatory function. *Elgart*, slip op. at 13 (collecting cases).

<sup>114</sup> Part of FINRA's regulatory mission is to promote public confidence in the markets. Guidelines at 1, Overview.

<sup>115</sup> The Hearing Panel has considered and rejected without discussion any arguments by the parties inconsistent with this Decision.

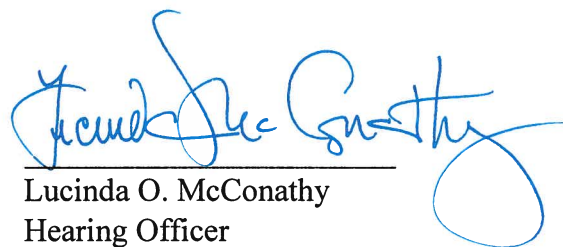
## VI. ORDER

Respondent, Craig G. Langweiler, is suspended from associating with any FINRA member firm in any capacity for two years and fined \$10,000 for failing to timely disclose on his Form U4 three unsatisfied IRS tax liens and three unsatisfied judgments against him in willful violation of Article V, Section 2(c) of FINRA's By-Laws, NASD IM-1000-1, NASD Rule 2110, and FINRA Rules 1122 and 2010. He is subject to a statutory disqualification.

Langweiler is separately suspended from associating with any FINRA member firm in any capacity for two years and fined \$10,000 for providing false information regarding the unsatisfied tax liens and judgments to his firm and to FINRA in violation of FINRA Rule 2010. The suspensions are to run concurrently.

In addition, Langweiler is ordered to pay the costs of the hearing in the amount of \$1,539.55, which includes \$789.55, the cost of the hearing transcript, and a \$750 administrative fee.

If this decision becomes FINRA's final disciplinary action, Langweiler's suspension shall become effective with the opening of business on May 15, 2017. The fine and assessed costs shall be due on a date set by FINRA, but not less than 30 days after this decision becomes FINRA's final disciplinary action in this proceeding.



Lucinda O. McConathy  
Hearing Officer  
For the Extended Hearing Panel

Copies to: Craig G. Langweiler (via first-class mail and overnight courier)  
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