FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011029186601

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

RE: Michael T. Ryan, Respondent
CRD No. 2220620

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Michael T. Ryan ("Ryan") first became registered with a FINRA member firm in 1992. He was registered with Securities America, Inc. ("SAI") from March 5, 2003 until August 31, 2011. He was registered with FINRA member Newport Coast Securities, Inc. from October 7, 2011 until November 1, 2013. Ryan is not currently registered with a FINRA member, but he remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Ryan has no disciplinary history.

OVERVIEW

Around late 2008 or early 2009, Ryan met an individual, ZE, who, among other things, invested in startup and public shell companies. From early 2009 through August 2011, while registered at SAI, Ryan began working with ZE and receiving compensation from entities controlled by ZE, including from a publicly traded company called Kensington Leasing, Ltd. ("Kensington") and four private entities -- WM, M, K&R, and S. At times during the period from 2009 through 2011, Ryan was an officer and board member of both Kensington and WM, and a salaried employee of WM. In total from 2009 through August 2011, Ryan received more than $400,000 from various entities controlled by ZE for services he provided to Kensington and WM.

Ryan did not timely, fully, or accurately notify SAI of his outside business activities ("OBAs") for Kensington and WM, nor did he update the information provided to the firm as his role in Kensington and WM changed, and he never notified SAI of the payments he received from M, K&R and S. He therefore violated NASD Rule 3030 and FINRA Rules 3270 and 2010. Because his OBA notices were inaccurate, Ryan separately violated FINRA Rule 2010.

In addition, during 2009, 2010, and 2011 Ryan participated in private sales of approximately $1.5 million in restricted stock by WM, K&R, and M to nine SAI customers and seven other individuals. Ryan did not provide written notice of the sales to SAI, and did not receive SAI's approval to engage in them. He therefore violated NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Ryan's Relationship with ZE, WM and Kensington

In 2008, Ryan began to offer consulting services to small businesses while still working in the securities industry and registered with SAI. In late 2008 or early 2009, an acquaintance introduced Ryan to ZE, describing ZE as someone who started new companies and therefore was a potentially valuable contact for Ryan's new business. Around that time, ZE controlled a private company – WM – which was, or intended to become, involved in "trading, research and private equity investments." From 2009 to 2012, Ryan performed services for two companies controlled by ZE, Kensington and WM, and received payments for those services and for expenses from not only Kensington and WM, but also from three other ZE controlled entities -- K&R, M, and S.

In or around February 2009, ZE asked Ryan to identify and assess potential merger candidates for Kensington, a public shell company that ZE controlled. Soon afterwards, an email account was set up for Ryan at WM and, on June 19, 2009, Ryan became Kensington's Chief Financial Officer ("CFO"). During 2009, Ryan received $231,000 relating to services performed for Kensington.

In March 2010, Ryan was appointed to Kensington's board of directors, and shortly thereafter, on June 4, 2010, Kensington acquired a private company that was trying to produce and market a new product – a prepaid gift card for technological services. Ryan resigned as Kensington's

CFO in June 2010, but continued as a Kensington board member and, during the fall of 2010, assisted in attempts to remedy Kensington's unsuccessful efforts to sell the gift card. Ryan's assistance included attempts to coordinate activities between Kensington and Lenco Mobile, Inc. ("Lenco"), a public company in which WM owned stock which also worked on the gift card venture. Additionally, during 2010, Ryan started to advise WM in connection with its online financial newsletter and trading system, and became WM's COO. For the work he performed in 2010, Ryan received a total of $125,000 from ZE entities -- $30,000 directly from Kensington; $20,000 from WM; $55,000 from S; $10,000 from K&R; and $10,000 from M.

In 2011, Ryan continued to work on WM's online financial newsletter and trading system, while still serving as a member of Kensington's board. He resigned from Kensington's board of directors in May 2011 and around the same time joined WM's board of directors. He also became a salaried employee of WM and received bi-weekly paychecks. In total during 2011, Ryan received $46,057 from entities controlled by ZE: $27,057 from WM, $1,500 from M, and $17,500 from S.

Failure to Timely and Accurately Notify SAI of his OBAs

From 2009 through 2011, SAI required registered representatives to report, and obtain approval for, all OBAs prior to engaging in them. SAI representatives were to notify the firm of proposed OBAs by completing and submitting a form through an internal electronic reporting system. Ryan never notified SAI of the payments he received from K&R, M, or S. He first notified the firm of his involvement with Kensington by submitting an OBA report through the firm's internal system on September 2, 2009 – approximately six months after he agreed to assist in the search for a merger candidate and nearly three months after he became Kensington's CFO. In the September 2 OBA report, Ryan reported that he was doing consulting work and acting as interim CFO, but did not indicate that his work involved a search for a possible merger candidate for Kensington. He also falsely reported that his work for Kensington began on June 19, 2009, the date he became CFO. SAI approved the OBA in October 2009. Ryan never updated his OBA report to notify SAI when he became a member of Kensington's board of directors, resigned from the CFO position, or resigned from Kensington's board of directors.

Ryan first notified SAI of his involvement with WM in July 2011, more than two years after he received his first payment from WM, approximately a year after he became WM's COO, and several months after he became a WM board member and salaried employee. In the July OBA report, Ryan falsely described his position with WM as "Operations assistant" and his start date as June 1, 2011. SAI never approved the OBA.

NASD Rule 3030, which was in effect from January 1, 2009 through December 15, 2010, and FINRA Rule 3270, which became effective on December 15, 2010, address a registered representative's obligation to notify his or her member firm of OBAs. Rule 3030 required that a representative "promptly" provide written notice to his or her member firm when employed by another, or when receiving compensation as the result of another business activity. Rule 3270 requires written notice "prior" to the representative engaging in, or receiving compensation as the result of, the OBA. Because Ryan failed to provide "prompt," or "prior" written notice to SAI regarding his OBAs for WM and Kensington, or provide any notice of the payments he

received from K&R, M, and S, Ryan violated NASD Rule 3030 and FINRA Rules 3270 and 2010. Because his OBA notices were inaccurate, Ryan separately violated FINRA Rule 2010.

Private Securities Sales

During 2009 and 2010, while receiving payments from the ZE controlled companies, Ryan recommended that five SAI customers purchase over $400,000 in restricted Lenco stock in private transactions. Ryan referred the customers to an individual who worked for ZE who arranged for the sales, and Ryan assisted in preparing paperwork for the sales. The five customers purchased around $420,000 of Lenco restricted stock from WM. Ryan participated in WM's sales of restricted Lenco stock to three other individuals by providing advice and assistance in completing forms for the stock purchases. The three individuals purchased $178,500 of Lenco restricted stock from WM.

In 2011, while receiving payments from three of the five ZE controlled companies, Ryan recommended that six SAI customers purchase, in private transactions, restricted stock of another publicly traded company, Casablanca Mining Ltd. ("Casablanca"). Again, Ryan referred the customers to the same individual who worked for ZE to arrange for the sales, and Ryan assisted in preparing paperwork for the transactions. The five customers purchased around $220,000 of Casablanca restricted stock, some from M and others from K&R. Ryan also provided advice and assistance in completing paperwork and transferring funds to four others who purchased Casablanca stock. These investors also purchased the stock from either M or K&R. In total, the Casablanca trades in which Ryan participated involved around $917,500.

Ryan did not provide SAI with prior notice of his participation in the sales of restricted Lenco or Casablanca stock. The firm learned of Ryan's participation as the result of an investigation conducted after he left the firm in August 2011.

NASD Rule 3040 prohibits registered representatives from participating "in any manner in a private securities transaction," unless the registered representative first notifies his or her member firm in writing. Because Ryan failed to provide SAI with prior written notice of his participation in the sales of restricted Lenco and Casablanca stock, he violated NASD Rule 3040 and FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

1. A suspension from association with any FINRA member in any capacity for a period of two years.

2. A fine of $40,000, which shall be due and payable either immediately upon reassociation with a member firm following the two year suspension noted above, 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.

3. An order to pay restitution to the customers listed on Attachment A hereto in the total amount of $55,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal

Revenue Code, 26 U.S.C. 6621(a)(2), from the date specified in Attachment A until the date of payment. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm following the suspension noted above, 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. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate any customer identified in Attachment A after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

4. Respondent has specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanctions imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a Complaint issued specifying the allegations against me;

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, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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

I understand 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 me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;

2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

11/06/2017
Date (mm/dd/yyyy)

Michael T. Ryan

Reviewed by:

Martin P. Unger, Esq.
Wexler Burkhart Hirschberg & Unger, LLP
377 Oak Street
Concourse 2
Garden City, New York 11530

Accepted by FINRA:

12/11/17
Date

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

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