

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033934201**

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

RE: Justin K. Wine, Respondent
General Securities Representative
CRD No. 4088317

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Justin K. Wine ("Wine" or "Respondent"), 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

Wine entered the securities industry in November 1999 and has worked in the securities industry for approximately 15 years, with four different present and former FINRA-regulated broker-dealers. Wine holds the following securities licenses: Series 7 (February 2000), Series 24 (April 2011), and Series 66 (March 2000).

During the period of November 2010 to August 2012, Wine was associated with LPL Financial, LLC ("LPL" or the "Firm"), a FINRA-registered broker-dealer, as a general securities representative and general securities principal working from his non-registered private office in Washington, D.C. In a Uniform Termination Notice for Securities Registration ("Form U5") dated September 5, 2012, LPL reported that it terminated Wine's employment for facilitating the unapproved sales of promissory notes in violation of the Firm's policies and procedures.

From August 28, 2012 to present, Wine has been associated with BGC Securities, Inc., a FINRA-regulated broker-dealer, as a general securities representative and general securities principal working from his non-registered private office in Washington, D.C. until July 2015, and since then from his non-registered private office in Aspen, Colorado. Given his continuing employment with BGC, Wine remains subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Wine has no prior relevant disciplinary history in the securities industry.

OVERVIEW

Between April and June 2012, Wine, a general securities representative associated with LPL, participated in a private securities transaction with DS, a micro-loan company based in the British Virgin Islands. Specifically, Wine introduced and recommended an investment in DS to three of his Firm customers, one of whom ultimately invested in DS, without providing prior written notice to LPL. By failing to give the requisite notice to the Firm of his participation in private securities transactions relating to DS, Wine violated NASD Rule 3040 and FINRA Rule 2010.

Between October 2011 and November 2012, Wine also engaged in outside business activities with TDC, an event creation and production company that organizes and produces an annual food festival in Washington D.C. Specifically, Wine assisted TDC in its attempts to secure a small business loan or alternative funding. As part of those efforts, Wine introduced and recommended certain short-term loans to five of his Firm customers, three of whom ultimately entered into demand notes pursuant to which the customers loaned a total of \$125,000 to TDC.

Wine did not provide written notice of his affiliation and activities with TDC to LPL prior to engaging in the activity. By failing to give the requisite prior notice to the Firm, Wine violated FINRA Rules 3270 and 2010.

In addition, between May 2010 and August 2012, Wine failed to timely amend his Form U4 to reflect a reportable event. Specifically, in May 2010 and while associated with LPL, Wine entered into an arrangement pursuant to which he settled via short sale the amount due and owing under a note and deed of trust/mortgage secured by his prior personal residence. In June 2011, Wine renegotiated the settlement and compromise such that it was further reduced, at which time Wine ultimately satisfied the debt. Wine did not disclose the May 2010 short sale and subsequent June 2011 compromise to LPL, and did not update his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to reflect the short sale and compromise until August 28, 2012.

By failing to timely amend his Form U4 to reflect the foregoing reportable events, Wine violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

A. Wine's Undisclosed Private Securities Transaction

NASD Rule 3040(b) requires associated persons to provide written notice to their member firm employer "prior to participating in any private securities transaction." The term "private securities transaction," as defined in NASD Rule 3040(e)(1), means any security transaction outside the regular course or scope of an associated person's employment with a member, and applies to both sales and purchases of securities.

FINRA Rule 2010 requires the observance of high standards of commercial honor and just and equitable principles of trade. A violation of NASD Rule 3040 is also a violation of FINRA Rule 2010.

The Firm's written supervisory procedures ("WSPs") in effect during the relevant period required its representatives, prior to engaging in any private securities transactions, to provide the Firm with written notice describing the proposed transaction and the

representative's role in detail, as well as whether the representative would receive selling compensation. The WSPs further required the representative to submit copies of certain documents associated with the proposed transaction, such as the prospectus or offering circular, or subscription agreement. If the Firm approved the proposed transaction, its operations department issued an approval letter which the representative was required to keep on file in his or her office.

In addition, in the fall of 2010, LPL circulated a memo to all of the Firm's registered representatives regarding the changes to NASD Rule 3040 and expressly noting the requirement of prior written notice. Wine signed and dated the memo in September 2010, acknowledging that he had read and reviewed its contents.

In February 2012, Wine began communicating with AS, the founder of DS. During the course of those communications, Wine received and reviewed DS' business plan, a draft investment document and draft promissory note and profit share agreement. Between April and June 2012, Wine introduced and recommended an investment in DS to three of his Firm customers, which activities included sending those customers copies of DS' business plan and a promissory note for their review and execution.

Wine did not inform LPL of his relationship with DS, or his plans to introduce and recommend DS' private offering to certain of his Firm clients. Ultimately, on or around June 12, 2012, DC, one of Wine's Firm customers, invested \$25,000 in DS. However, Wine failed to disclose the customer's investment in DS to the Firm.

By introducing and recommending an investment in DS to his Firm clients during the period of April to June 2012, without first providing written notice to LPL before engaging in these private securities transactions, Wine violated NASD Rule 3040 and FINRA Rule 2010.

B. Wine's Undisclosed Outside Business Activity with TDC

FINRA Rule 3270 provides in relevant part, that, "No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member." A violation of FINRA Rule 3270 is also a violation of FINRA Rule 2010.

The Firm's WSPs in effect during the relevant period required the Firm's representatives to obtain prior written approval from the Firm prior to engaging in any outside business activity. The WSPs defined outside business activities as including "any business or commercial services ... including civic/charitable activities and DBA names" other than securities services directly or indirectly involving securities offered through LPL. The Firm's WSPs expressly prohibited its representatives from providing business or marketing consulting services, from issuing or participating in the issuance of promissory notes, and from "directing clients and/or prospective clients to investment opportunities and/or selling investments that are not approved by LPL...." The WSPs also expressly provided that LPL representatives could solicit the purchase or sale of investments only in securities that were approved by LPL.

On November 28, 2011 Wine completed the Firm's Annual Compliance Questionnaire in which, among other things, he represented that he was not involved in any business activity outside of LPL (including any outside business activity which the Firm had previously disapproved or prohibited) other than his service on the board of directors of an unnamed 501(c)(3) organization. Wine also represented in the 2011 Annual Compliance Questionnaire that he had not offered, issued or participated in any private securities transactions, promissory notes or venture capital activities outside of LPL.

On October 31, 2011, Wine entered into a finder's agreement with TDC pursuant to which Wine agreed to assist TDC in its attempts to secure a small business loan or alternative funding. The finder's agreement retained Wine's services for a period of one year and, in connection therewith, Wine introduced the owners of TDC to senior loan officers at local banks, and communicated with individual professional money lenders and certain of his institutional clients about TDC.

When efforts to secure funding were unsuccessful, Wine introduced and recommended to five of his Firm customers that they provide a short-term business loan to TDC. On or around November 15, 2011, two of Wine's Firm customers entered into demand notes pursuant to which the customers loaned a total of \$75,000 to TDC. On or around December 16, 2011, MG, another of Wine's Firm customers entered into a demand note pursuant to which MG loaned \$50,000 to TDC. The demand notes had a maturity of nine months or less and were secured by the owners' interests in TDC and a personal guarantee by a related party.¹ Although the finder's agreement provided for compensation, Wine ultimately did not receive any compensation for the activities he undertook on behalf of TDC.

Notwithstanding the foregoing, Wine did not update his outside business activity disclosures to reflect his activities with TDC or request approval to engage in any outside business activities with TDC subsequent to November 2011.

By engaging in an outside business activity from October 2011 to November 2012 without providing prior and/or prompt written notice to LPL, Wine violated FINRA Rules 3270 and 2010.

C. Wine's Failure to Amend his Form U4

Article V, Section 2(c) of FINRA's By-Laws requires that registrations filed with FINRA be kept current at all times and that amendments must be filed with FINRA "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." Question 14K of Form U4 requires associated persons to disclose, among other things, any compromise with creditors made within the last ten years.

FINRA Rule 1122 prohibits members or associated persons with a member from filing with FINRA information regarding registration "which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

¹ Each of the customers who invested in TDC ultimately recouped their investment in or around November 2012.

A violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rule 1122 is also a violation of FINRA Rule 2010.

On or around May 14, 2010, and while associated with LPL, Wine entered into an arrangement pursuant to which he settled via short sale the amount due and owing under a note and deed of trust/mortgage secured by his prior personal residence. On or around June 22, 2011, Wine renegotiated the settlement and compromise such that it was further reduced, at which time Wine ultimately satisfied the debt.

However, Wine failed to disclose the May 2010 short sale and subsequent June 2011 compromise to LPL, and did not amend his Form U4 to reflect the short sale and compromise until August 28, 2012, when he joined BGC.

By failing to timely amend his Form U4 to reflect the foregoing reportable events during the period of May 2010 to August 2012, Wine violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

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

1. A two-month suspension from association with any FINRA-regulated broker-dealer in any capacity; and
2. A fine in the amount of \$12,500.

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).

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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 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 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.

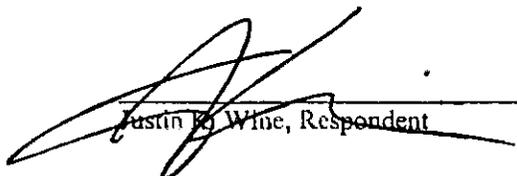
III. OTHER MATTERS

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 accordance with FINRA Rule 8313;
 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.

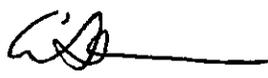
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the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

5/9/16
Date (mm/dd/yyyy)


Justin B. Wine, Respondent

Reviewed by:

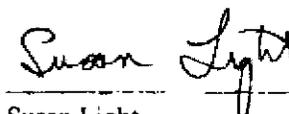
5/10/16
Date (mm/dd/yyyy)


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Accepted by FINRA:

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

5/10/16
Date


Susan Light
Senior Vice President & Chief Counsel
FINRA Department of Enforcement
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