

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037385001**

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

RE: Thomas Joseph Vilord, Respondent
Former Registered Representative
CRD No. 4261608

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

Vilord entered the securities industry in 2000. He passed the Series 7, 31, 63, and 65 examinations. After working for various broker-dealers, in 2007 Vilord became employed by SagePoint Financial, Inc. ("SagePoint" or the "firm"), in Turnersville, New Jersey. SagePoint terminated Vilord's registration on June 21, 2013. After leaving SagePoint, Vilord became registered with Summit Brokerage Services, Inc. ("Summit"). Summit terminated Vilord's registration on November 16, 2016.

Although Vilord is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

Between August 2010 and February 2011, Thomas Vilord participated in undisclosed private securities transactions involving more than \$347,500 in

unregistered corporate debenture notes sold to thirteen firm customers. Vilord lacked a reasonable basis to recommend the notes because he failed to conduct adequate due diligence on the offering. Vilord later willfully failed to timely disclose two complaints related to the sales, made false statements about one complaint in a Form U4 filing, and made false statements regarding the same complaint in his written response to a Rule 8210 request. Vilord's actions violated NASD Rules 3040¹ and 2310,² FINRA's By-Laws, Article V, Section 2, and FINRA Rules 1122, 8210, and 2010.

FACTS AND VIOLATIVE CONDUCT

Private Securities Transactions

In 2010, AI, a professional sports and entertainment agency, began to issue one-year corporate debenture notes bearing an interest rate of 10% (the "notes" or "offering"). The notes were unregistered securities.

Between August 2010 and February 2011, Vilord recommended that thirteen of his SagePoint customers invest in the offering. Vilord also assisted these customers in making the investments by, among other things, preparing transaction paperwork and providing the customers with information about AI. Vilord's customers invested a total of at least \$347,500 in the offering. Vilord did not give prior notice, oral or written, to SagePoint that he would be participating in the offering.

NASD Rule 3040 provided in relevant part that, prior to participating in any private securities transaction, an associated person is required to give written notice to his or her member firm describing in detail the proposed transaction and the person's proposed role. By participating in the sale of at least \$347,500 of the offering to thirteen firm customers without prior notice to his firm, Vilord violated NASD Rule 3040 and FINRA Rule 2010.

Unsuitable Recommendations

Vilord failed to conduct reasonable due diligence concerning AI prior to recommending it to his customers. Vilord's knowledge of the company was limited to his conversations with AI's owner, information contained on AI's website, and Google searches. Although Vilord was familiar with some sources of AI's revenue, he did not know actual revenue and debt amounts, and failed to review the company's financial statements.

NASD Rule 2310 required a registered representative, in recommending to a customer the purchase of any security, to have reasonable basis to believe, based on reasonable diligence, that the recommendation is suitable for at least some

¹ NASD Rule 3040 was superseded by FINRA Rule 3280 on Sept. 21, 2015.

² NASD Rule 2310 was superseded by FINRA Rule 2111 on July 9, 2012.

investors. To meet this standard, a broker must conduct a reasonable investigation into recommended securities. By failing to conduct sufficient due diligence concerning AI prior to recommending that his customers invest in the offering, Vilord violated NASD Rule 2310 and FINRA Rule 2010.

Misrepresentations and Omissions on Form U4

Starting in 2011, AI began to have difficulty repaying its obligations under the offering. In October 2012, an attorney representing customer JQ sent Vilord a written complaint regarding JQ's unpaid investment in the offering. Vilord failed to notify SagePoint of JQ's complaint and failed to amend his Form U4 within 30 days to disclose the complaint.

In April 2013, an attorney representing customer LS also sent Vilord a written complaint regarding LS's unpaid investment in the offering. Vilord failed to notify SagePoint of LS's complaint and failed to amend his Form U4 within 30 days to disclose the complaint. SagePoint later discovered JQ and LS's complaints and permitted Vilord to resign in June 2013.

A short time later, Vilord joined Summit. In July 2013, Summit filed an amendment to Vilord's Form U4, which Vilord signed. The Form U4 amendment contained two Disclosure Reporting Pages (DRP) related to the complaint made by LS and Vilord's departure from SagePoint. Vilord provided false statements in the DRPs claiming he was unaware of her investment in the offering and her subsequent complaint. Vilord later admitted these statements were false and further cooperated with FINRA's investigation.

Article V, Section 2 of FINRA's By-Laws, requires registered persons to keep current their application for registration with FINRA by filing supplementary amendments not later than 30 days after learning of the facts or circumstances giving rise to the amendment.

FINRA Rule 1122 provides that no person associated with a member shall file with FINRA information with respect to 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.

Form U4 requires registered persons to disclose whether they have been the subject of certain customer complaints.

As described above, Vilord failed to timely amend his Form U4 to disclose the complaints of JQ and LS within 30 days of receipt. In addition, in July 2013, Vilord made false statements on a Form U4 amendment concerning his participation in the offering and his receipt of LS's complaint. By reason of the foregoing, Vilord willfully violated Article V, Section 2 of FINRA's By-Laws and FINRA Rules 1122 and 2010.

False Written Responses to Requests Made Pursuant to FINRA Rule 8210

In July 2013, FINRA staff sent Vilord a request pursuant to FINRA Rule 8210 seeking information and documents concerning the offering and LS's complaint. In August 2013, Vilord provided written responses to FINRA's request letter. Vilord's responses to FINRA were false in that he denied recommending that his customers invest in the offering and also denied receiving customer complaints. Vilord later admitted these statements were false.

FINRA Rule 8210 requires registered representatives to provide information in writing and to testify under oath with respect to any matter involved in an investigation, complaint, examination, or proceeding. By providing false written responses to a request sent by FINRA staff, Vilord violated FINRA Rules 8210 and 2010.

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

- A bar from associating with any FINRA member in any capacity.

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 understand that this settlement includes a finding that I willfully omitted to state a material fact and/or willfully misrepresented a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission and/or misrepresentation makes me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 prejudice 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.

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.

December 5, 2016
Date (mm/dd/yyyy)


Respondent Thomas Joseph Vilord

Reviewed by:




Michael C. Farkas, Esq., PLLC
Counsel for Respondent
32 Court Street, Suite 408
Brooklyn, NY 11201
(212) 760-8400

Accepted by FINRA:

12/22/2016
Date

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


_____ (FM)

Robert D. H. Floyd
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