

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038289101**

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

RE: James J. Nixon, Respondent
Registered Representative
CRD No. 1906798

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

James J. Nixon (CRD No. 1906798) entered the securities industry in 1987. Nixon registered with FINRA member firm Bridge Capital Associates in December 2007. In September 2013, Bridge Capital discharged Nixon in connection with the conduct discussed below. Shortly after Bridge Capital terminated his registrations, Nixon registered with a different FINRA member firm where he currently remains registered.

OVERVIEW

Nixon failed to provide prior written notice to Bridge Capital before selling \$600,000 of convertible promissory notes. He provided detailed written notice to Bridge Capital only after he had already disseminated investor presentations to approximately 40 potential investors and completed sales to three accredited investors in five total transactions.

In addition, the investor presentation contained exaggerated and misleading

statements about the issuer of the promissory notes, BRT, and failed to include a meaningful risk disclosure. A legend in certain versions of the investor presentation instructed potential investors not to rely on its contents and to rely exclusively on the offering's private placement memorandum ("PPM"), when no PPM actually existed. Additionally, the investor presentation did not mention Bridge Capital or disclose Nixon's relationship with the firm.

FACTS AND VIOLATIVE CONDUCT

Private Securities Transactions (NASD Rule 3040)

During the time period relevant to this AWC, NASD Rule 3040 provided that: "No person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule."¹ The rule further provided that, before participating in any such transaction, an associated person had to provide written notice to his employer describing in detail the proposed transaction, his role in it, and whether he might receive compensation. If compensation was involved, the rule required that additional details be furnished to the member firm.

Between May 2, 2013 and August 23, 2013, Nixon sold \$600,000 of BRT promissory notes to three accredited investors in five transactions. Nixon's engagement letter with BRT provided that compensation for his sales would be paid directly to Bridge Capital, and Nixon referenced a potential deal with BRT in emails he sent to Bridge Capital's management in June and July 2013.² However, Nixon did not disclose the engagement letter to Bridge Capital or provide Bridge Capital with detailed written notice of his BRT transactions until August 28, 2013, after his sales had been consummated. After Bridge Capital learned of the transactions on August 28, it demanded that Nixon secure additional required paperwork related to the transactions and complete the firm's standard deal file checklist.

In August, before he disclosed the transactions to Bridge Capital, Nixon invoiced BRT for his services and thereafter, as required by the engagement letter, BRT paid Bridge Capital. Per the firm's agreement with Nixon, Bridge Capital kept its portion of the fees and remitted the rest to Nixon on August 29, 2013. On September 16, 2013, Bridge Capital terminated Nixon's securities registrations.

By engaging in private securities transactions before providing Bridge Capital with detailed written notice of the transactions, Nixon violated NASD Rule 3040.

¹ NASD Rule 3040 was superseded by FINRA Rule 3280 effective September 21, 2015, after the conduct at issue in this AWC.

² BRT executed the agreement in January 2013. The engagement agreement specified that any sale of BRT securities would be sold through Bridge Capital and that Nixon was a registered representative of Bridge Capital. To the extent any securities transactions occurred, the agreement required BRT to pay all success fees to Bridge Capital at closing.

Due to that violation, Nixon also violated FINRA Rule 2010.

Communications with the Public (FINRA Rule 2210 and Former NASD Rule 2210)

All member communications with the public must comply with the content standards of FINRA Rules 2210(d)(1) and 2210(d)(3) and former NASD Rule 2210(d)(1).³ FINRA Rule 2210(d)(1)(A), in turn, requires that all member communications with the public shall be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. Furthermore, FINRA Rule 2210(d)(1)(B) states that no member may make any false, exaggerated, unwarranted or misleading statement or claim in any communication with the public.

FINRA Rule 2210(d)(3) requires that a representative's correspondence prominently disclose the name of the member firm and reflect any relationship between the member and any non-member also named.

The BRT promissory notes were offered without a PPM. Instead, the BRT notes were offered through an investor PowerPoint presentation that Nixon prepared in conjunction with BRT. Nixon knew from the beginning of the engagement that there would be no PPM. Nixon sent copies of the investor presentation to approximately 40 potential investors from January 2013 through August 2013.

The investor presentation was devoid of any cautionary language specific to BRT or the promissory notes. The prospects for BRT were presented in very optimistic terms and financial projections were stated at aggressive multiples without sources or support. Another page of the investor presentation prominently reflected the logos of a dozen multinational corporations to which the BRT software could have been potentially marketed to, but none of the listed companies were actual BRT customers.

Additionally, in many versions of the investor presentation, a legend on each slide read "investors should not rely in whole or in part on this presentation" and that "an offering can only be made with delivery of a private placement memorandum," even though there was actually no PPM.

Finally, neither the investor presentation nor Nixon's transmittal emails reflected that the promissory notes were distributed through Bridge Capital or identified Nixon as a representative of Bridge Capital.

³ NASD Rule 2210 was superseded with some changes not material to this AWC by FINRA Rule 2210 effective February 4, 2013. See FINRA Regulatory Notice 12-29, 2012 FINRA LEXIS 36, at *40-43 (June 2012).

By distributing the exaggerated and misleading investor presentations which failed to disclose Nixon's relationship with Bridge Capital, Nixon violated NASD Rules 2210(d)(1)(A) and 2210(d)(1)(B) and FINRA Rules 2210(d)(1)(A), 2210(d)(1)(B), and 2210(d)(3). Due to those violations, Nixon also violated FINRA Rule 2010.

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

1. A three-month all-capacities suspension; and
2. A fine in the amount of \$15,000.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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 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.

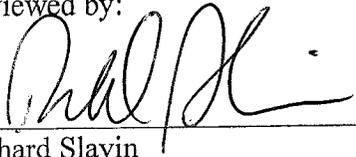
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

12/10/2015
Date (mm/dd/yyyy)

James J. Nixon
James J. Nixon

Reviewed by:

A handwritten signature in black ink, appearing to read 'Richard Slavin', written over a horizontal line.

Richard Slavin
Counsel for Respondent
Cohen and Wolf, P.C.
320 Post Road West
Westport, Connecticut 06880

Accepted by FINRA:

1/8/2016
Date

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



Daniel L. Gardner
Senior Counsel
FINRA Department of Enforcement
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