

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015044671601**

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

RE: Barry George Hartman, Respondent  
CRD No. 1361232

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**

Hartman entered the securities industry in November 1984 and worked at three different FINRA member firms prior to registering with FSC Securities Corporation ("FSC" or "the Firm") in February 2002. He was terminated from FSC on March 5, 2015, for violating Firm policies, including participating in an undisclosed outside business activity and an undisclosed private securities transaction.

Hartman has not been associated with a FINRA member firm since March 5, 2015. Pursuant to Article V, Section 4 of FINRA's By-Laws, Hartman remains subject to FINRA's jurisdiction.

**RELEVANT DISCIPLINARY HISTORY**

In 2004, NASD (predecessor to FINRA) found that Hartman placed a telephone call to an insurance company regarding a variable annuity it had issued to a customer. In that telephone call, Hartman falsely identified himself as his prior

branch manager without the branch manager's knowledge or authorization. In a Letter of Acceptance, Waiver and Consent, NASD found that Hartman thereby violated NASD Conduct Rule 2110 and imposed a 15-day suspension and \$2,000 fine. (AWC No. C3B040009.)

### **FACTS AND VIOLATIVE CONDUCT**

Between 2004 and March 2015, while associated with FSC, Hartman served on the board of directors of an unaffiliated privately-held company (hereafter referred to as "IC") without providing written notice to the Firm in the form required by the Firm. By engaging in this undisclosed outside business activity, Hartman violated NASD Rules 3030 and 2110 and FINRA Rule 3270<sup>1</sup> and 2010.<sup>2</sup>

Over the same time period, Hartman also participated in private securities transactions by personally investing approximately \$450,000 in IC and by recommending that 13 FSC customers invest in IC and referring them directly to IC to complete their investments. Hartman failed to provide written notice of these private securities transactions to the Firm and he failed to comply with Firm procedures that required the Firm's pre-approval of such transactions. Hartman thereby violated NASD Rules 3040 and 2110 and FINRA Rule 2010.

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

A bar from associating with any FINRA member.

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. 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;

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<sup>1</sup> FINRA Rule 3270 superseded NASD Rule 3030, effective December 15, 2010.

<sup>2</sup> FINRA Rule 2010 superseded NASD Rule 2110, effective December 15, 2008.

- 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.

8/9/2015  
Date (mm/dd/yyyy)

Barry George Hartman  
Barry George Hartman

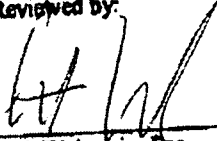
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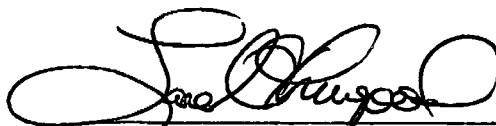
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(310) 707-7131

Accepted by FINRA:

August 19, 2015  
Date

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



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Lane A. Thurgood  
Director, Enforcement Center  
FINRA Department of Enforcement  
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Rockville, MD 20850  
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