

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044765401**

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

RE: Michael A. Nahass, Respondent
General Securities Representative, Limited Representative – Investment Banking,
Operations Professional, and General Securities Sales Supervisor
CRD No. 2594618

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Michael A. Nahass (“Nahass” 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

Nahass first became registered with FINRA as a General Securities Representative (“GSR”) in April 1995 and as a General Securities Sales Supervisor (“SU”) in August 1997 through a member firm. Nahass was registered with FINRA through Purshe Kaplan Sterling Investments (“PKSI”) as a GSR and as a SU from September 24, 2009 through June 14, 2010, and as a Limited Representative – Investment Banking (IB) from April 22, 2010 through May 6, 2010. Between July 6, 2010 and September 15, 2010, Nahass was registered with FINRA through Newbridge Securities Corporation (“NSC”) as a GSR, SU and IB. Nahass was also registered with FINRA through Arque Capital, Ltd. (“Arque” or “Firm”) as a GSR, SU and IB from September 22, 2010 through March 12, 2015, and as an Operations Professional from November 22, 2011 through March 12, 2015.

On March 12, 2015, Arque filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) reporting the discharge of Nahass’ registration for violating the Firm’s written supervisory procedures and compliance policies because he failed to notify Arque that: (i) he engaged in outside business activity as a director of a publicly traded company since approximately January 2012; and (ii) he opened an outside securities account in March 2014 and he liquidated shares of the company for which he acted as a director.

Although Nahass is not currently registered with a FINRA member firm, he is subject to FINRA’s jurisdiction until March 10, 2017, pursuant to Article V, Section 4 of FINRA’s By-Laws, which provides for a two-year period of retained jurisdiction over formerly registered persons.

RELEVANT DISCIPLINARY HISTORY

Nahass has no disciplinary history.

OVERVIEW

Between October 2009 and February 2015, Nahass engaged in outside business activities by participating as a director and officer of a publicly traded company without notifying his employer member firms, in violation of NASD Rule 3030, and FINRA Rules 3270 and 2010. Nahass also failed to disclose to Arque the existence of an outside securities account in his name, which he opened at another FINRA member firm in approximately March 2014, in violation of NASD Rule 3050(c) and FINRA Rule 2010. Additionally, between October 2009 and August 2014, Nahass violated FINRA Rule 2010 by submitting a total of five annual compliance questionnaires in which he falsely certified that he disclosed all of his outside business activities to his employer member firms. Moreover, between March 2014 and February 2015, Nahass submitted one annual compliance questionnaire to Arque in which he falsely certified that he disclosed all of his outside securities accounts in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Undisclosed Outside Business Activities

In October 2009, Nahass became involved as a director with GOTL, a Nevada corporation. In February 2012, GOTL completed a reverse merger with another Nevada Company, TTC, which was formerly known as PS. Under the merger, TTC became a holding company conducting business through GOTL, a wholly

owned subsidiary. TTC ceased its prior operations, and continued with GOTL's business operations of specializing in hydroponic equipment with proprietary technology to create sustainable solutions for the cultivation of indoor agriculture.

Between October 2009 and continuing through at least February 2015, Nahass served as a director of TTC, as well as TTC's predecessor company, GOTL.¹ In addition, between January 26, 2012 and February 9, 2012, Nahass served as TTC's President, Secretary and Treasurer. Moreover, for the fiscal year ended on December 31, 2014, Nahass earned compensation from TTC comprised of cash and company stock totaling approximately \$1,272,415.

While associated with FINRA member firms PKSI (between September 2009 through June 2010) and NSC (between July 2010 and September 2010), Nahass failed to provide prompt written notification to both PKSI and NSC that he was engaged in outside business activities in connection with his position as director of TTC.

Additionally, while associated with Arque, Nahass also failed to provide prior written notification to Arque, between September 2010 and February 2015, that he was engaged in outside business activities as a director of TTC; and for a brief period between January 2012 and February 2012, that he served as the President, Secretary and Treasurer of TTC.

Based on the foregoing conduct, Nahass violated NASD Rule 3030 (before December 15, 2010), FINRA Rule 3270 (on and after December 15, 2010), and FINRA Rule 2010 (on and after December 15, 2008).

Undisclosed Outside Securities Account

Between March 2014 and February 2015, while Nahass was associated with Arque, he opened an individual brokerage account at another FINRA member firm in which he held and sold shares of TTC without providing written notification to both his employer member firm, Arque, and the other FINRA member firm. Nahass neither provided written notice to Arque of the outside securities account nor the securities transactions. Furthermore, Nahass completed the new account form at the other FINRA member firm and falsely represented that he was not associated with a FINRA member at the time that the brokerage account was opened.

Based on the foregoing conduct, Nahass violated NASD Rule 3050(c) and FINRA Rule 2010.

¹ Hereinafter, "TTC" will be used to reference TTC after the merger, and its predecessor company, GOTL, prior to the merger.

False Compliance Questionnaires

While registered with Arque, on August 26, 2014, Nahass submitted an annual compliance questionnaire to Arque in which he made false representations that he did not maintain any outside brokerage accounts. However, at the time, he had an open brokerage account in his name at another FINRA member firm, in which he had effected securities transactions.

While registered with Arque, on June 4, 2011, December 31, 2012, June 8, 2013 and August 26, 2014, Nahass signed and submitted annual compliance questionnaires to Arque in which he made false representations that had provided written disclose of all outside business activities. However, at the time Nahass completed the questionnaires, Nahass was aware that he had served as a director of TTC.

While registered with PKSI, on October 21, 2009, Nahass signed and submitted an annual compliance questionnaire to PKSI in which he made false representations that had provided written disclose of all outside business activities. However, at the time Nahass completed the questionnaires, Nahass was aware that he had served as a director of TTC.

Based on the foregoing conduct, Nahass violated FINRA Rule 2010.

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

1. A six-month suspension from association with any FINRA member firm in any capacity; and
2. A \$15,000.00 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month 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.

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.

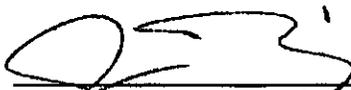
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute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

12/7/15
Date (mm/dd/yyyy)


Michael A. Nahass

Reviewed by:


Jason R. Lindsay, Shareholder
Counsel for Respondent
Greenberg Traurig, LLP
1840 Century Park East, Suite 1900
Los Angeles, CA 90067-2121
Tel: 310.586.3861
lindsayj@gtlaw.com

Accepted by FINRA:

01/07/2016
Date

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


Jill L. Jablonow
Senior Regional Counsel
FINRA Department of Enforcement
300 South Grand, Suite 1600
Los Angeles, California 90071-3126
Phone Number (213) 613-2659
Fax Number (213) 617-1570
E-Fax Number (202) 721-6517
jill.jablonow@finra.org