

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015045751101**

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

RE: Darrin B. Farrow, Respondent
Former Registered Representative
CRD No. 1995240

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Darrin B. Farrow, 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

Farrow entered the securities industry in 1989. From February 2010 until June 2015, Farrow was registered with Royal Alliance Associates, Inc. ("Royal Alliance") as a Corporate Securities Representative, Investment Company Products and Variable Contracts Principle, and Investment Company Products and Variable Contracts Representative. He also obtained his Direct Participation Programs Representative registration in May 2014. Although Farrow is not currently registered with any FINRA-member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

Between 2012 and 2015, while registered with Royal Alliance, Farrow participated in two undisclosed outside business activities. He also participated in six undisclosed private securities transactions with firm customers involving the sale of \$1 million of membership interests in one of his outside business activities.

FACTS AND VIOLATIVE CONDUCT

In or around June 2012, Farrow founded MAD Farmaceuticals ("MAD Farma"), an unincorporated entity that provides consulting services to the cannabis industry and also cultivates, produces, and manufactures cannabis in states where such activities are legal. In or around February 2015, Farrow formed MAD Oregon LLC ("MAD Oregon") as a Delaware limited-liability company. MAD Oregon grows cannabis and supplies it to dispensaries throughout Oregon. Farrow did not disclose his involvement in MAD Farma or MAD Oregon to Royal Alliance.

In early 2015, Farrow solicited six Royal Alliance customers to invest in MAD Oregon. These six investors paid a total of \$1 million to purchase membership interests in MAD Oregon. Farrow did not disclose the sale of these membership interests to Royal Alliance and Royal Alliance did not approve them.

By failing to disclose his participation in the business of MAD Farma and MAD Oregon, Farrow violated FINRA Rules 3270 and 2010.

By participating in private securities transactions without disclosing those transactions to Royal Alliance, Farrow violated NASD Rule 3040 and FINRA Rule 2010.

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

- 12-month suspension; and
- \$25,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 12-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(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 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:

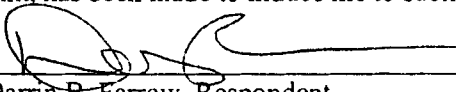
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

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.

May 24, 2016
Date (mm/dd/yyyy)


Darrin B. Farrow, Respondent

Reviewed by:

Steven L. Wasserman, Esq.
Chernett Wasserman LLC
1301 East 9th Street, Suite 3300
Cleveland, OH 44114
T: (216) 737-5000

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
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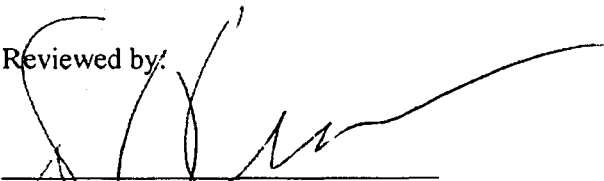
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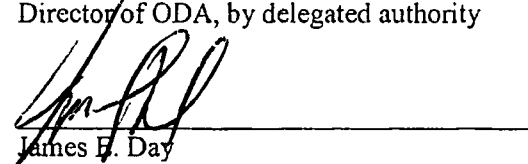


Steven L. Wasserman, Esq.
Chernett Wasserman LLC
1301 East 9th Street, Suite 3300
Cleveland, OH 44114
T: (216) 737-5000

Accepted by FINRA:

6/23/16
Date

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



James E. Day
Vice President & Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850
T: (301) 258-8520
F: (301) 208-8090