

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046500801**

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

RE: Stanley Scott Garrison, Respondent
Former General Securities Representative
CRD No. 1126118

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

Garrison first entered the securities industry in 1989 when he associated with a FINRA member firm and registered as a general securities representative. From February 1989 through September 2009, Garrison was registered as a general securities representative with three different FINRA member firms. In September 2009, Garrison associated with LPL Financial, LLC (“LPL”) and registered as a general securities representative. Garrison voluntarily resigned from LPL in July 2015, and LPL terminated his registration in August 2015. Garrison has no prior disciplinary history. While Garrison is not currently registered or associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-Laws.

OVERVIEW

Garrison violated NASD Rule 3030 and FINRA Rules 3270 and 2010 when he failed to disclose to LPL in writing his involvement with Sierra Capital Management Insurance Services, Inc. (“SCMIS”) as an outside business activity.

Garrison also violated FINRA Rule 2010 by providing false responses to LPL on the firm's 2011, 2012 and 2014 annual compliance questionnaires.

FACTS AND VIOLATIVE CONDUCT

1. Undisclosed Outside Business Activity

NASD Rule 3030 and its successor, FINRA Rule 3270, prohibit any person associated with a member firm from being employed by, or accepting compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless the person has provided prompt written notice to the member.¹ A violation of NASD 3030 or FINRA Rule 3270 also is a violation of FINRA Rule 2010.

While employed as a registered representative with LPL, Garrison engaged in an outside business activity, SCMIS, through which he conducted insurance sales, including sales of equity indexed annuities, for compensation. However, Garrison never provided LPL with written notice of his involvement with SCMIS. By virtue of the foregoing, Garrison violated NASD Rule 3030 (for conduct before December 15, 2010), FINRA Rule 3270 (for conduct on and after December 15, 2010), and FINRA Rule 2010.

2. False Compliance Questionnaires

Providing misleading or false answers to a FINRA member firm on compliance questionnaires is a violation of FINRA Rule 2010.

Garrison completed LPL's annual compliance questionnaires in October 2011, September 2012, and April 2014 and falsely answered on each questionnaire that he (i) was not involved in any business activity outside of LPL (except he identified a teaching position on the 2011 questionnaire), (ii) had not participated in any equity indexed annuity transactions other than those processed through LPL, and (iii) had not received any compensation from any person or entity other than a current LPL representative without the firm's approval. By virtue of the foregoing, Garrison violated FINRA Rule 2010.

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

- A suspension from association with any FINRA member firm in any capacity for four months; and
- A fine in the amount of \$10,000.

¹ FINRA Rule 3270 superseded NASD Rule 3030 on December 15, 2010. Because the misconduct occurred before and after December 15, 2010, both rules apply.

The fine shall be due and payable either immediately upon reassociation with a member firm, 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 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.

6/19/17
Date (mm/dd/yyyy)

SSM
Respondent Scott Stanley Garrison

Reviewed by:

[Signature]
Sylvia Scott, Esq.
Counsel for Respondent
Holmes, Taylor, Scott & Jones LLP
617 South Olive Street, Suite 1200
Los Angeles, CA 90014
Telephone: (213) 212-4300

Accepted by FINRA:

8/3/2017
Date

Signed on behalf of the
Director of ODA, by delegated authority
[Signature]
Douglas M. Ramsey, Esq.
Deputy Regional Chief Counsel
FINRA Department of Enforcement
300 S. Grand Ave., Suite 1600
Los Angeles, CA 90071
(213) 613-2616 (Telephone); (213) 617-1570 (Fax)