

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046760801**

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

RE: Christopher M. Hawn, Respondent
Investment Company Products/Variable Contracts Representative
General Securities Representative
CRD No. 4776341

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Christopher M. Hawn ("Hawn"), 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

Hawn entered the securities industry in March 2004 with a FINRA-regulated broker-dealer, where he became registered as an Investment Company Products/Variable Contracts Representative ("IR") in January 2005. Between April 2011 and September 2012, Hawn was associated with another FINRA-regulated broker-dealer, as an IR and General Securities Representative ("GSR").

Between September 2012 and April 2013, Hawn was associated with SC Distributors, LLC ("SCD"), a FINRA-regulated broker-dealer, as an IR and GSR.

In May 2013, Hawn became associated with ALPS Distributors, Inc. ("ALPS" or the "Firm"), a FINRA-regulated broker-dealer, as an IR and GSR. On August 26, 2015, ALPS filed a Form U5 reporting that Hawn was permitted to resign from the Firm on August 10, 2015, because of an undisclosed investment-related outside business activity.

Hawn holds the following securities licenses: Series 6 (January 2005), Series 7 (June 2011), Series 63 (July 2005), Series 65 (March 2015).

Hawn is not currently associated with a FINRA regulated broker-dealer, however, pursuant to Article V, Section 4 of FINRA's By-Laws, he remains subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Hawn has no relevant disciplinary history in the securities industry.

OVERVIEW

Between September 2012 and October 2012, while associated with SCD, Hawn violated NASD Rule 3040 and FINRA Rule 2010 by participating in two private securities transactions totaling \$98,980 without providing prior written notice to his member firm. Hawn also violated NASD Rule 2210(d)(1)(A) and FINRA Rule 2010 by distributing sales materials prepared by the issuer that failed to comply with FINRA's content standards for communications with the public, and FINRA Rule 2010 by falsely attesting on his 2012 SCD annual compliance questionnaire that he had not engaged in any private securities transactions.

Between July 2013 and August 2015, while associated with ALPS, Hawn violated FINRA Rules 3270 and 2010 by engaging in an outside business activity without providing prior written notice to ALPS. Hawn also falsely attested on his 2013, 2014 and 2015 monthly and annual Firm annual compliance questionnaires that he had not engaged in any outside business activities.

FACTS AND VIOLATIVE CONDUCT

1. Private Securities Transactions (NASD Rule 3040)

NASD Rule 3040(a) states that an associated person may not participate in a private securities transaction in any manner except in accordance with the Rule.

NASD Rule 3040(b) provides that prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.

NASD Rule 3040(e) defines a private securities transaction as any securities transaction outside the regular course or scope of the associated person's employment with a member.

FINRA Rule 2010 states that a member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade. A violation of NASD Rule 3040 is a violation of FINRA Rule 2010.

Between September 1, 2012 and October 4, 2012, Hawn participated in two unapproved private securities transactions by introducing his friend BT, and an uncle, JK, to an investment opportunity in a private placement offering of a security (the "PPO"). BT and JK each separately purchased membership interests in the PPO and invested a total of \$98,980. Hawn's participation in the securities transactions included providing BT and JK an overview of the PPO; introducing BT and JK to the promoters of the PPO; providing BT and JK the PPO subscription documents, marketing materials, and an information memorandum; providing JK advice about the PPO; and inviting JK to participate in a WebEx discussion hosted by the promoters of the PPO. Hawn did not provide SCD with prior written notice of any of these activities.

As a result, Hawn violated NASD Rule 3040 and FINRA Rule 2010.

2. Violation of FINRA's Content Standards for Communications with the Public (NASD Rule 2210 and FINRA Rule 2010)

NASD Rule 2210 addresses FINRA member communications with the public and includes certain content standards that apply to all member communications.

NASD Rule 2210(d)(1)(A) states that, all member communications must 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. No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

A violation of NASD Rule 2210 also constitutes a violation of FINRA Rule 2010.

Between September 1, 2012 and September 15, 2012, Hawn distributed to potential investors BT and JK marketing materials and an information memorandum which were prepared by the issuer of the securities. These communications failed to comply with NASD Rule 2210(d)(1)(A) because they did not include the risks of investing in the PPO or provide a sound basis for evaluating the financial information contained in the PPO. Furthermore, the information memorandum failed to comply with NASD Rule 2210(d)(1)(A) in that it contained forecasts of financial information, but failed to include clear language that described the assumptions used for the financial information, or factors that might inhibit achievement of the issuer's projected financial results.

As a result, Hawn violated NASD Rule 2210(d)(1)(A) and FINRA Rule 2010.

3. Outside Business Activities (FINRA Rules 3270 and 2010)

FINRA Rule 3270 prohibits registered persons from acting as an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.

A violation of FINRA Rule 3270 also constitutes a violation of FINRA Rule 2010.

Between July 2013 and August 2015, while employed with the Firm, Hawn engaged in an outside business activity as a consultant for LCM, a privately owned registered investment advisor. On November 21, 2013, Hawn signed a consulting agreement with LCM, that provided he be paid a fee of \$100 per hour for his consulting activities, though he was never compensated by LCM. As a consultant for LCM, Hawn referred investors to LCM and served as a member of the LCM Investment Committee. Hawn did not provide the Firm with prior written notice of any of these activities.

By engaging in an outside business without providing prior written notice to the Firm, Hawn violated FINRA Rules 3270 and 2010.

4. False Annual Compliance Questionnaires (FINRA Rule 2010)

Making false statements to a FINRA-regulated broker-dealer violates FINRA Rule 2010.

SCD and the Firm each required their registered representatives to make certain attestations on annual compliance questionnaires concerning, among other things, private securities transactions and outside business activities.

On December 31, 2012, Hawn stated on his SCD annual compliance questionnaire that all of his securities related business was done through SCD. This statement was false because, at the time he completed the questionnaire, Hawn had participated in private securities transactions by introducing, soliciting and referring investors BT and JK to the PPO, as described above.

Between November 2013 and August 2015, Hawn submitted monthly and annual certifications to ALPS, certifying that he had disclosed all current outside business activities. The certifications were false because, at the time Hawn completed each of these questionnaires, he was engaged in unapproved outside business activities with LCM, as described above.

As a result of this conduct, Hawn violated FINRA Rule 2010.

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

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

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 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(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 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:

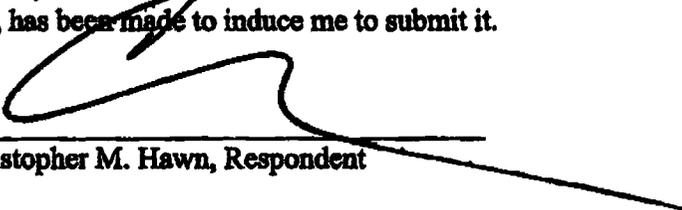
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

5-10-17

Date


Christopher M. Hawn, Respondent

Reviewed by:



Eliza S. Fromberg, Esq.

Counsel for Respondent

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Accepted by FINRA:

6/13/17

Date

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


Richard Chin
Chief Counsel
FINRA Department of Enforcement
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