

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048088401**

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

RE: Leslie Koonce (CRD No. 1131758), Respondent
General Securities Representative

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

Koonce first became associated with a FINRA member firm in 1975. From September 2009 to November 2015, Koonce was registered with FINRA as a General Securities Representative through LPL Financial, LLC (“LPL”). LPL terminated Koonce and filed a corresponding Form U5 on December 3, 2015 for the conduct described herein. Koonce became associated with another member firm on December 9, 2015, where he remains associated. Koonce holds General Securities Representative (Series 7), General Securities Principal (Series 24), State Law (Series 63), and Uniform Combined State Law (Series 66) Licenses.

RELEVANT DISCIPLINARY HISTORY

In 1999, Koonce entered into an AWC for a \$5,000 fine and 60-day suspension for signing customer forms without his customers’ knowledge (Matter No. E0119980704).

OVERVIEW

Between January 2012 and March 2015, Koonce participated in several private securities transactions without providing prior written notice to LPL. He completed firm compliance questionnaires in which he falsely denied participating in private securities transactions, and he later provided false responses to questions asked by FINRA staff pursuant to FINRA Rule 8210. Koonce thereby violated NASD Rule 3040 and FINRA Rules 2010 and 8210.

FACTS AND VIOLATIVE CONDUCT

Koonce participated in several private securities transactions between January and June 2012. Among other things, he solicited at least 30 prospective investors (including several LPL customers) to invest in convertible promissory notes being offered by a private company; he sent the prospective investors information about the private company from his LPL email account; he took part in arranging meetings where prospective investors could meet with representatives of the private company to obtain additional information; he facilitated the movement of funds for three LPL customers so they could make investments in the convertible promissory notes aggregating \$175,000; and he ultimately invested \$50,000 of his own money in the convertible promissory notes.

Separately, in March 2015, Koonce personally invested \$50,000 to purchase shares of stock in a second private company.

Koonce did not provide LPL with prior written notice of his participation in the foregoing private securities transactions. He thereby violated NASD Rule 3040¹ and, by virtue of that violation, FINRA Rule 2010.

In addition, Koonce completed compliance questionnaires in May 2012 and November 2012 as required by LPL. In his responses to both questionnaires, he falsely denied having participated in any private securities transactions during the months since completing his previous questionnaire. Koonce thereby violated FINRA Rule 2010.

Finally, during FINRA's investigation of this matter, Koonce provided false responses to information requests made pursuant to FINRA Rule 8210. First, he denied having participated "in any way" in any private securities transactions involving LPL customers. Second, he denied having made any personal investment in the second private company referenced above, in which he had in fact personally invested \$50,000. Koonce thereby violated FINRA Rule 8210 and, by virtue of that violation, FINRA Rule 2010.

¹ NASD Rule 3040 was superseded by substantively-identical FINRA Rule 3280 effective September 21, 2015, after the period relevant to this violation.

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

1. A bar from associating with any FINRA member firm in any capacity.

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;
- 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.

Dec. 4, 2017
Date (mm/dd/yyyy)
Reviewed by:

Leslie R. Koon
Leslie Koonce, Respondent

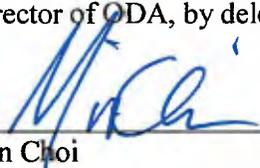


Edward Zussman
Counsel for Respondent
Markun Zusman Freniere Compton
465 California Street, Ste 401
San Francisco, CA 94104
Tel: (415) 438-4515

Accepted by FINRA:

12/14/17
Date

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



Min Choi
Principal Counsel
FINRA Department of Enforcement
15200 Omega Drive, Ste 300
Rockville, MD 20850
Tel: (301) 258-8591
Fax: (202) 721-6590