

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2016050984801**

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

RE: James E. Knee, Respondent
CRD No. 1852920

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

Knee has been registered with 10 broker-dealers since entering the securities industry in 1988. Most recently, he was a registered representative of Ameriprise Financial Services, Inc., from August 2012 to October 2015, and with Voya Financial Advisors, Inc. (“VFA”), from November 2015 until August 2016, when VFA terminated his registration. FINRA retains jurisdiction over him until August 23, 2018 pursuant to Article V, Section 4, of FINRA’s By-laws.

RELEVANT DISCIPLINARY HISTORY

Knee has no previous FINRA disciplinary history.

OVERVIEW

FINRA requested that Knee appear for on-the-record testimony pursuant to FINRA Rule 8210 in connection with an ongoing FINRA investigation. Knee declined to appear for the requested testimony and stated, through his lawyer, that he will not participate in FINRA’s investigation, in violation of FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) provides, in relevant part that “FINRA staff shall have the right to . . . require a member, person associated with a member, or any other person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in [an] investigation, complaint, examination, or proceeding.”

FINRA Rule 2010 requires that associated persons, in the conduct of their business, observe high standards of commercial honor and just and equitable principles of trade.

On March 30, 2018, FINRA staff sent a notice to Knee requesting that he appear for on-the-record testimony pursuant to FINRA Rule 8210. FINRA sent this request in connection with an investigation into allegations that Knee misappropriated customer funds while registered with two FINRA broker-dealers.

As stated in an email from Knee’s lawyer to FINRA staff on April 10, 2018, and by this agreement, Knee acknowledges that he received FINRA’s request, that he will not appear for on-the-record testimony at any time, and that he will no longer cooperate in the investigation of this matter.

By refusing to appear for on-the-record testimony as requested pursuant to FINRA Rule 8210, Knee violates FINRA Rules 8210 and 2010.

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

- A bar from associating with any FINRA broker-dealer 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 that I 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.

4/29/2015
Date (mm/dd/yyyy)


James E. Knee

Reviewed by:


William E. Christie
Counsel for Respondent
Shaheen & Gordon, P.A.
107 Storrs Street
Concord, NH 03302
(603) 819-4231

Accepted by FINRA:

5/9/2018
Date

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



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