

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017053041801**

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

RE: Phillip Andrew Johnson, Respondent
General Securities Principal
CRD No. 501352

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Phillip Andrew Johnson ("Johnson" or "Respondent") 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

Johnson entered the securities industry in or around 1976 and holds Series 6, 7, 22 and 24 licenses. Johnson has been associated with several FINRA members since 1976, including SunTrust Investment Services, Inc. ("SunTrust") from February 3, 2003 through April 24, 2015. At all relevant times, Johnson was associated with SunTrust and registered with FINRA as a General Securities Principal. On December 21, 2017, the firm with which Johnson was associated filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") for Johnson, terminating his association with the firm as of December 31, 2017. After his association with that FINRA member, Johnson did not re-associate with another FINRA member firm.

Although Johnson is not currently associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4(a) of FINRA's By-Laws, which provides for a two-year period of retained jurisdiction over formerly-registered persons.

RELEVANT DISCIPLINARY HISTORY

On or about April 15, 1980, the State of Tennessee ordered Johnson to cease and desist from selling securities in the State of Tennessee, revoked his registration and suspended him for 30 days.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240(a) prohibits registered persons from borrowing money from or lending money to any customer without written approval of the firm, and then only if: (1) the member has written procedures allowing the borrowing and lending of money between such registered persons and customers of the member; and (2) the borrowing or lending arrangement meets one of the conditions specified in FINRA Rule 3240.¹

Between June 3, 2010 and August 2010 and while associated with SunTrust, Johnson borrowed \$528,000 from DS, a firm customer, but failed to notify or obtain written approval of the loan in advance from SunTrust. Moreover, Johnson made an inaccurate statement on his SunTrust compliance questionnaires related to borrowing from a firm customer. During this time period, SunTrust did not permit loans between registered persons and customers who were not close family members. Johnson and DS are not family members.

By virtue of the foregoing, Johnson violated NASD Rules 2370 and 2110 (for conduct occurring before June 14, 2010) and FINRA Rules 3240 and 2010 (for conduct occurring on or after June 14, 2010).

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

- A fine in the amount of \$5,000; and
- A three-month suspension from association with any FINRA member in all capacities.

¹ NASD Rule 2370 was superseded by FINRA Rule 3240 effective as of June 14, 2010. NASD Rule 2370 provides that no registered person may borrow money from or lend money to any customer of such person unless (1) the member has written procedures allowing the borrowing and lending of money between such registered persons and customers of the member; and (2) the lending or borrowing arrangement meets one of the following conditions: (A) the customer is a member of such person's immediate family; (B) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business; (C) the customer and the registered person are both registered persons of the same member firm; (D) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the associated person not maintained a relationship outside of the broker/customer relationship; or (E) the lending arrangement is based on a business relationship outside of the broker-customer relationship.

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.

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 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.

1-26-2018
Date (mm/dd/yyyy)


Phillip Andrew Johnson, Respondent

Reviewed by:

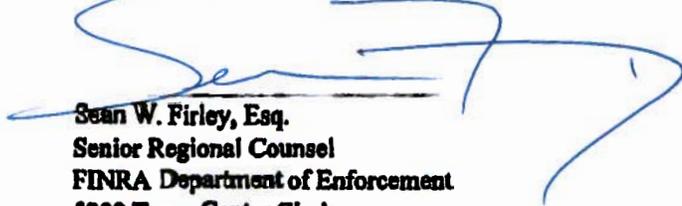


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Accepted by FINRA:

2/27/18
Date

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



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