

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038528501**

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

RE: Sharon Melinda Kwan, Respondent
Registered Representative
CRD No. 2578627

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

Sharon Melinda Kwan ("Kwan" or "Respondent") first entered the securities industry in January 1995 when she associated with a FINRA member firm. She obtained her Series 6 license in February 1995, her Series 63 license in May 1995 and her Series 7 license in August 1997. In April 2009 Kwan became associated with National Planning Corporation ("NPC" or "the firm"). NPC terminated Kwan's registration on October 4, 2013 for failing to disclose a bank account she shared with a firm client. Later in October 2013, Kwan became associated with another FINRA member firm where she is currently registered.

OVERVIEW

Between April 2009 and April 2013 (the "relevant period"), Kwan participated in outside business activities involving firm customers without providing prior written notice to NPC, as required, in violation of NASD Rule 3030 and FINRA Rules 3270 and 2010. In addition, Kwan maintained two unapproved joint bank

accounts with a firm customer contrary to firm policy, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Undisclosed Outside Business Activities

NASD Rule 3030 and FINRA Rule 3270¹ prohibit registered representatives from engaging in outside business activities in which they receive compensation or have the reasonable expectation of compensation without providing written notice to their member firm.

During the relevant period, Kwan participated in undisclosed real estate activities with two firm customers (who were also personal friends) involving two residential properties. Kwan did not disclose her real estate activities to NPC until April 2013. Kwan also provided inaccurate annual firm compliance attestations regarding her outside business activities between 2009 and 2012.

By reason of the foregoing, Kwan violated NASD Rule 3030 and FINRA Rule 2010 for her involvement with the real estate activities between April 2009 and December 14, 2010 and FINRA Rules 3270 and 2010 for her involvement between December 15, 2010 and April 2013.

Joint Bank Accounts with Firm Customer

During the relevant period, NPC maintained written supervisory procedures prohibiting customer funds from being deposited into any account owned by or under the control of a registered person. Notwithstanding the firm's policy prohibition, Kwan opened and maintained two joint bank accounts with a firm customer in June 2009 in furtherance of their real estate activities. Between June 2009 and February 2013, Kwan's customer deposited almost \$1.4 million into the two accounts.² Kwan did not disclose and NPC did not approve of Kwan's joint bank accounts with her firm customer. Kwan also provided inaccurate annual firm compliance attestations regarding her joint bank accounts with a firm customer between 2009 and 2012.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. By reason of the conduct described above, Kwan violated FINRA Rule 2010.

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

- A four-month suspension from associating with any FINRA member in any capacity; and

¹ FINRA Rule 3270 superseded NASD Rule 3030 on December 15, 2010.

² During approximately the same period, Kwan deposited an almost equal amount into the same two accounts.

- A fine of \$15,000

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanctions 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.

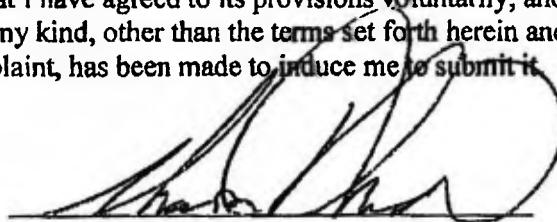
OTHER MATTERS

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.

7/12/17
Date (mm/dd/yyyy)


Sharon Melinda Kwan

Reviewed by:

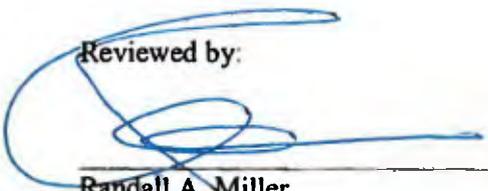
Randall A. Miller
Counsel for Respondent
Miller Law Associates
411 South Hewitt Street
Los Angeles, California 90013
(213) 493-6401

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Date (mm/dd/yyyy)

Sharon Melinda Kwan

Reviewed by:



Randall A. Miller
Counsel for Respondent
Miller Law Associates
411 South Hewitt Street
Los Angeles, California 90013
(213) 493-6401

Accepted by FINRA:

SEPTEMBER 19, 2017
Date

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



Robert D. H. Floyd, Senior Counsel
FINRA Department of Enforcement
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