

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JEFFREY BRIAN MEYER
(CRD No. 4111125),

Respondent.

Disciplinary Proceeding
No. 2012032758601

Hearing Officer – CC

DEFAULT DECISION

February 11, 2015

Respondent engaged in 37 securities transactions outside the scope of his employment with a FINRA member firm, without providing prior written notice to the firm, in violation of NASD Rules 3040 and 2110 and FINRA Rule 2010. For this misconduct, the Hearing Officer bars Meyer in all capacities.

Appearances

Richard A. March, Esq., and Mark A. Koerner, Esq., for FINRA's Department of Enforcement, Complainant.

No appearance by or on behalf of Jeffrey Brian Meyer, Respondent.

DECISION

I. Introduction

On August 21, 2014, FINRA's Department of Enforcement ("Enforcement") filed the attached Complaint with FINRA's Office of Hearing Officers. The Complaint alleges that, between November 2008 and September 2009, while associated with Waddell & Reed ("Waddell"), Respondent Jeffrey Brian Meyer ("Meyer") engaged in private securities transactions by participating in sales to 20 investors of corporate guarantees ("United Guarantees") issued by United Private Capital, Inc. ("United") totaling \$1 million, that the United Guarantees were securities, and that Meyer participated in the sales without providing prior written notice to Waddell. The Complaint further alleges that, between January 2010 and July 2012, while associated with WRP Investments, Inc. ("WRP"), Meyer engaged in private securities transactions by participating in sales to 13 investors of Strategic Lending Solutions LLC ("Strategic") promissory notes ("Strategic Notes") totaling \$300,000, that the Strategic Notes were securities, and that Meyer participated in the sales without providing prior written notice to WRP. The Complaint also alleges that, between August 2010 and July 2011, while

associated with WRP, Meyer engaged in private securities transactions by participating in sales to eight investors of K&M Oil Company, Inc. (“K&M”) promissory notes (“K&M Notes”) totaling \$238,000, that the K&M Notes were securities, and that Meyer participated in the sales without providing prior written notice to WRP. The Complaint alleges that, by engaging in the actions alleged, Meyer violated NASD Rules 3040 and 2110 and FINRA Rule 2010.¹

Enforcement served Meyer with the Complaint in accordance with FINRA’s Code of Procedure, and Meyer failed to file an Answer or otherwise respond. Accordingly, on December 15, 2014, Enforcement filed a Motion for Entry of Default Decision (“Default Motion”), together with the Declaration of Richard A. March, Esq., in Support of the Default Motion (“March Decl.”), and nine exhibits.²

For the reasons set forth below, the Hearing Officer finds Meyer in default, grants Enforcement’s Default Motion, and deems the allegations of the Complaint admitted, pursuant to FINRA Rules 9215(f) and 9269(a).

II. Findings of Fact and Conclusions of Law

A. Meyer’s Background

Meyer entered the securities industry in January 2000.³ He was associated with Waddell and registered as a general securities representative from January 2006 through September 2009.⁴ Meyer was associated with WRP from September 2009 through August 2012 and registered as a general securities representative and investment company and variable contracts products representative.⁵ On August 24, 2012, WRP filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) disclosing that WRP discharged Meyer for failing to report outside business activities and failing to cooperate with the firm’s internal investigation.⁶ Meyer has remained unregistered and has not re-associated with a FINRA member firm.⁷

B. FINRA’s Jurisdiction

FINRA has jurisdiction over this disciplinary proceeding pursuant to Article V, Section 4(a) of FINRA’s By-Laws because (1) Enforcement filed the Complaint with the Office of Hearing Officers on August 21, 2014, which is within two years of WRP’s termination of

¹ NASD’s and FINRA’s Rules are available at www.finra.org/rules.

² Enforcement’s exhibits are labeled CX-1 through CX-9.

³ March Decl. ¶ 5; CX-1.

⁴ March Decl. ¶ 5; CX-1.

⁵ March Decl. ¶ 5; CX-1.

⁶ CX-1.

⁷ CX-1.

Meyer's association with the firm on August 24, 2012; and (2) the Complaint alleges that Meyer engaged in misconduct during the period when he was associated with Waddell and WRP.⁸

C. Origin of the Investigation

Enforcement commenced an investigation of Meyer after the state of Illinois began an investigation of investments that Meyer offered on behalf of K&M.⁹ Enforcement's investigation led to the filing of the Complaint in this matter.¹⁰

D. Meyer's Default

When Enforcement filed the Complaint in August 2014, Meyer's residential address as reflected in the Central Registration Depository ("CRD") was an address in Lake in the Hills, Illinois ("CRD Address").¹¹ On August 21, 2014, Enforcement served Meyer with the First Notice of Complaint and Complaint by certified mail at Meyer's CRD Address.¹² Enforcement also sent to Meyer's CRD Address a copy of the First Notice of Complaint and Complaint by first-class mail.¹³ The United States Postal Service ("USPS") returned the certified mailing marked with the notation "Return to Sender, Unable to Forward" and the first-class mailing marked with the notation "Forward Time Expired, Return to Sender, New Address: Jeff Meyer, 1316 W. Lexington St., #1, Chicago, IL 60607-4108."¹⁴ Meyer's Answer to the First Notice of Complaint was due on or before September 18, 2014, but Meyer did not file an Answer or otherwise respond to the Complaint.¹⁵

On September 19, 2014, Enforcement served Meyer at the CRD Address and 1316 W. Lexington St., #1, Chicago, IL 60607-4108 ("Chicago Address") with the Second Notice of Complaint and an incomplete copy of the Complaint by certified mail.¹⁶ Enforcement also sent a copy of the Second Notice of Complaint and an incomplete copy of the Complaint to Meyer's CRD Address and the Chicago Address by first-class mail.¹⁷ The USPS returned the certified and first-class mailings to Meyer's CRD address marked "Return to Sender, Unable to Forward."¹⁸ The USPS returned the certified mailing to Meyer's Chicago Address marked

⁸ See Article V, Sec. 4, FINRA By-Laws, available at www.finra.org/rules (then follow "FINRA Manual" hyperlink to "Corporate Organization: By-Laws"); March Decl. ¶ 6.

⁹ March Decl. ¶ 8.

¹⁰ March Decl. ¶ 8.

¹¹ March Decl. ¶ 9; CX-1.

¹² March Decl. ¶ 9; CX-2.

¹³ March Decl. ¶ 9; CX-2.

¹⁴ March Decl. ¶ 9; CX-3.

¹⁵ CX-2; CX-4.

¹⁶ March Decl. ¶ 10; CX-4.

¹⁷ March Decl. ¶ 10; CX-4.

¹⁸ March Decl. ¶ 10; CX-5.

“Return to Sender, Unclaimed, Unable to Forward” and “Notice Left on Sept. 22, Scanned Attempted.”¹⁹ The USPS did not return the first-class mailing to the Chicago Address.²⁰ Meyer’s Answer to the Second Notice of Complaint was due on or before October 6, 2014.²¹ On November 4, 2014, Enforcement filed a Motion to Extend Deadline for Filing Motion for Default after discovering that the Second Notice of Complaint included an incomplete copy of the Complaint.²² On November 5, 2014, the Hearing Officer granted Enforcement’s Motion.²³

On November 6, 2014, Enforcement served Meyer at the CRD Address and the Chicago Address with the Third Notice of Complaint and the Complaint by certified mail.²⁴ Enforcement also sent the same materials to Meyer’s CRD Address and the Chicago Address by first-class mail.²⁵ The USPS returned the certified and first-class mailings to Meyer’s CRD address marked “Return to Sender, Unable to Forward.”²⁶ The USPS did not return the certified and first-class mailings to Meyer’s Chicago Address.²⁷ The USPS tracking report from the certified mailing to Meyer’s Chicago Address states that the USPS attempted to deliver the mailing at 12:03 p.m. on November 13, 2014, that no recipient was at the address, and that the USPS left a notice.²⁸ Meyer’s Answer to the Third Notice of Complaint was due on or before November 24, 2014.²⁹

To date, Meyer has not filed an Answer or otherwise responded to the Complaint.³⁰ FINRA Rule 9134(b) provides for service of a complaint on a natural person by certified mail to the person’s residential address as indicated in the CRD. The Hearing Officer finds that Meyer received constructive notice of the Complaint in this proceeding.³¹ Accordingly, the Hearing Officer finds that Meyer defaulted by failing to file an Answer or otherwise respond to the Complaint.

¹⁹ March Decl. ¶ 10; CX-6.

²⁰ March Decl. ¶ 10; CX-6.

²¹ CX-4.

²² March Decl. ¶ 11.

²³ March Decl. ¶ 11.

²⁴ March Decl. ¶ 12; CX-7.

²⁵ March Decl. ¶ 12; CX-7.

²⁶ March Decl. ¶ 12; CX-8.

²⁷ March Decl. ¶ 12; CX-8.

²⁸ March Decl. ¶ 12; CX-9.

²⁹ CX-7.

³⁰ March Decl. ¶ 13.

³¹ See *Dep’t of Enforcement v. Moore*, Complaint No. 2008015105601, 2012 FINRA Discip. LEXIS 45, at *21 (FINRA NAC July 26, 2012) (finding constructive notice of a complaint served on respondent at his last known residential address, as indicated in the CRD, by first-class and certified mail).

E. Meyer Violated NASD Rules 3040 and 2110 and FINRA Rule 2010 by Engaging in Private Securities Transactions without Providing His Firm with Prior Written Notice

NASD Rule 3040 prohibits a registered person from participating in any private securities transaction without first providing written notice describing the proposed transaction and his role in that transaction to the firm with which he is associated. The registered person must also apprise the firm of whether he will receive selling compensation in connection with the transaction.

FINRA's National Adjudicatory Council ("NAC") established a three-part test for establishing a violation of Rule 3040: (1) establish that the product is a security; (2) demonstrate that the respondent participated in the transaction; and (3) prove that the respondent did not provide prior written notice to his firm.³²

1. The Products are Securities

The United Guarantees, Strategic Notes, and K&M Notes are securities.³³ The United Guarantees meet the definition of "investment contract" enunciated by the Supreme Court in *SEC v. W.J. Howey Co.*³⁴ In *Howey*, the Court held that, to establish the existence of an investment contract, and consequently a security, there must be: (1) an investment of money; (2) in a common enterprise; (3) with an expectation of profits; (4) to come solely from the efforts of a third party.³⁵ In this case, the investors, listed on Exhibit A to the Complaint, invested \$987,131 in United's Foreign Exchange trading program with the expectation of earning a 20% return on their investments.³⁶ Their expectations were reasonable because United guaranteed a 20% return, and the investors expected to profit based solely on United's efforts.³⁷ The investors in United Guarantees did not participate in the United's Forex currency trading program and they depended on United's efforts to generate profits.³⁸

The Strategic Notes and K&M Notes are securities because they meet the "family resemblance" test enunciated by the Supreme Court in *Reves v. Ernst & Young*.³⁹ Under the

³² See *Dep't of Enforcement v. De Vietien*, Complaint No. 2006007544401, 2010 FINRA Discip. LEXIS 45, at *14-29 (FINRA NAC Dec. 28, 2010).

³³ Complaint ¶¶ 4, 9, 14. By virtue of Meyer's default, the Hearing Officer deems the allegations of the Complaint admitted. See FINRA Rule 9269(a)(2).

³⁴ 328 U.S. 293, 299 (1946).

³⁵ 328 U.S. at 298-299.

³⁶ Complaint ¶ 3; March Decl. ¶ 14.

³⁷ Complaint ¶ 3; March Decl. ¶ 14. United was a corporate entity established as an investment vehicle for Forex currency trading. Complaint ¶ 3.

³⁸ Complaint ¶ 3; March Decl. ¶ 14.

³⁹ 494 U.S. 56, 62-63 (1990).

Reves family resemblance test, all promissory notes are presumed to be securities, and the presumption is rebutted only by a showing that the investments bear a strong resemblance to a list of financial instruments excluded as securities or by proving, under a four-part test, that the note is of a type that should be added to the list of excluded financial instruments.⁴⁰ The four *Reves* factors for consideration of whether a note should be added to the list of exempt notes are: (1) the motivation that would prompt the reasonable borrower and lender to enter into the transaction; (2) the plan for distributing the notes; (3) the reasonable expectations of the investing public as to whether the instruments are securities; and (4) the presence of an alternative scheme of regulation that significantly reduces the risk of the instrument so as to make regulation under the securities laws unnecessary.⁴¹

Here, the investors in Strategic Notes were prompted to invest by a promised rate of return of between 10 and 12 percent.⁴² Strategic was a lending company that obtained funds from investors and lent those funds to commercial businesses.⁴³ Meyer referred the investors listed on Exhibit B to the Complaint to Strategic as an investment opportunity, and he provided them with marketing materials and promissory notes stating that they would receive a certain return on their investments.⁴⁴ The investing customers had no involvement with Strategic.⁴⁵ Similarly, the investors in K&M Notes were prompted to invest by a promised rate of return of 10 percent.⁴⁶ Utilizing funds from investors, K&M purchased and operated oil wells, and Meyer was a part owner and an officer of the company.⁴⁷ K&M retained the services of a third party to prepare offering documents, subscription agreements, and private placement memoranda to be used to solicit investors and raise money for K&M's purchase and operation of oil wells.⁴⁸ Meyer solicited the investors listed on Exhibit C to the Complaint to invest in K&M Notes.⁴⁹ The investing customers had no involvement with K&M.

Neither Strategic Notes nor K&M Notes held short-term periods of maturity.⁵⁰ Furthermore, the notes were distributed to many investors. Meyer alone sold Strategic Notes to

⁴⁰ 494 U.S. at 66.

⁴¹ 494 U.S. at 66-67.

⁴² March Decl. ¶ 15.

⁴³ March Decl. ¶ 15.

⁴⁴ March Decl. ¶ 15.

⁴⁵ March Decl. ¶ 15.

⁴⁶ March Decl. ¶ 16.

⁴⁷ March Decl. ¶ 16.

⁴⁸ March Decl. ¶ 16.

⁴⁹ March Decl. ¶ 16.

⁵⁰ March Decl. ¶¶ 15-16. Certain notes that have short-term maturity periods, such as nine months or less, also may be excluded from the coverage of the securities laws. *Dep't of Enforcement v. Nugent*, Complaint No. C01040010, 2006 NASD Discip. LEXIS 1, at *10 (NASD NAC Feb. 23, 2006). The short-term note exception does not apply here.

ten investors and K&M Notes to seven investors. In addition, a reasonable investor would consider both Strategic Notes and K&M Notes to be securities. "A reasonable investor giving funds to receive a guaranteed rate of return ranging from nine to 11 percent would consider that the notes were an investment."⁵¹ Finally, there is no regulatory scheme providing an adequate substitute for the federal securities laws for these instruments. The Hearing Officer concludes that the United Guarantees, Strategic Notes, and K&M Notes are securities.

2. Meyer Participated in the Transactions

The reach of Rule 3040 is very broad, encompassing the activities not only of the associated person who makes the sale, but also those who participate "in any manner" in the transaction.⁵² While Meyer was associated with Waddell, he participated in 20 sales of United Guarantees by referring Waddell clients who sought a type of investment different from the investments that he offered through Waddell, collecting checks from customers, assisting the customers in preparing investment paperwork, and forwarding the checks and paperwork to United.⁵³

While Meyer was associated with WRP, he participated in 10 sales of Strategic Notes and seven sales of K&M Notes.⁵⁴ Meyer solicited funds from Strategic investors, provided investors with Strategic's marketing materials, collected checks from investors and assisted some of them in preparing paperwork to effectuate the transactions.⁵⁵ Meyer also received compensation for selling Strategic Notes of approximately two percent of the loan amount when paid.⁵⁶ Meyer retained the services of a consultant who prepared offering documents for K&M, and as part owner and an officer of K&M, he prepared some of the background materials for the offering documents.⁵⁷ Meyer also attended offering presentations to help sell K&M Notes, provided offering materials to investors, and accepted investment checks from some of K&M's investors.⁵⁸ Furthermore, Meyer signed K&M Notes in his capacity as Secretary and Treasurer of K&M.⁵⁹

3. Meyer Did Not Provide Prior Written Notice to His Firm

Waddell represented to FINRA that Meyer's sales of United Guarantees occurred outside the course and scope of his association with Waddell, and Meyer did not provide prior written

⁵¹ *Dep't of Enforcement v. Nugent*, 2006 NASD Discip. LEXIS 1, at *9.

⁵² *See Stephen J. Gluckman*, 54 S.E.C. 175, 183 (1999).

⁵³ Complaint ¶ 5; March Decl. ¶ 14.

⁵⁴ March Decl. ¶ 15-16.

⁵⁵ Complaint ¶ 10; March Decl. ¶ 15.

⁵⁶ Complaint ¶ 10; March Decl. ¶ 15.

⁵⁷ Complaint ¶ 15; March Decl. ¶ 16.

⁵⁸ Complaint ¶ 15; March Decl. ¶ 16.

⁵⁹ March Decl. ¶ 16.

notice of his sales of United Guarantees to the firm.⁶⁰ WRP represented to FINRA that Meyer's sales of Strategic Notes and K&M Notes occurred outside the course and scope of his association with WRP, and Meyer did not provide prior written notice of his sales of the notes to the firm.⁶¹

Accordingly, the allegations of the Complaint are sufficient to establish, for purposes of this default decision, that the Respondent violated NASD Rules 3040 and 2110 and FINRA Rule 2010⁶² by engaging in private securities transactions without providing the member firm with which he was associated prior written notice.

III. Sanctions

The purpose of Rule 3040 is to ensure that FINRA members can adequately supervise the suitability and due diligence responsibilities of their registered persons.⁶³ The Rule also serves to "protect employers against investor claims arising from an associated person's private transactions and to prevent customers from being misled as to the employing firms' sponsorship of their associated person's transactions."⁶⁴ Meyer's misconduct enabled him to circumvent Waddell's and WRP's supervisory procedures and contravened the intent of Rule 3040.

The FINRA Sanction Guidelines ("Guidelines") for private securities transactions recommend a fine of \$5,000 to \$50,000 and a suspension or a bar depending on the dollar amount of the sales.⁶⁵ The Guidelines state that "the first step in determining sanctions is to assess the extent of the selling away activity, including the dollar amount of the sales, the number of customers and the length of time over which the selling away occurred."⁶⁶ Here, the value of Meyer's private securities transactions exceeded \$1.5 million.⁶⁷ His sales away from Waddell and WRP involved 37 investors and occurred over the course of four years.⁶⁸ These

⁶⁰ Complaint ¶¶ 6, 7; March Decl. ¶ 14.

⁶¹ Complaint ¶¶ 11, 12, 16, 17; March Decl. ¶¶ 14, 15, 16.

⁶² See *Steven J. Gluckman*, 54 S.E.C. 175, 185 (1999) (finding violation of NASD Rule 2110 (now FINRA Rule 2010) based on long-standing, judicially recognized policy that a violation of any other FINRA or NASD Rule also constitutes a violation FINRA Rule 2010 and NASD Rule 2110); *Dep't of Enforcement v. Mielke*, Complaint No. 2009019837302, 2014 FINRA Discip. LEXIS 24, at *8 n.3 (FINRA NAC July 18, 2014) (finding that a violation of any FINRA Rule violates NASD Rule 2110 and FINRA Rule 2010).

⁶³ See *Dep't of Enforcement v. Carcaterra*, Complaint No. C10000165, 2001 NASD Discip. LEXIS 39, at *8 (NASD NAC Dec. 13, 2001).

⁶⁴ *Id.* at *8-9.

⁶⁵ FINRA Sanction Guidelines (2013), available at www.finra.org/Industry/Enforcement/sanctionguidelines, at 14-15.

⁶⁶ *Id.*

⁶⁷ March Decl. ¶ 18.

⁶⁸ *Id.*

factors aggravate the significance of Meyer's misconduct and, according to the Guidelines, a bar is the appropriate sanction.⁶⁹

Other aggravating factors exist. The Hearing Officer finds it aggravating that Meyer held a proprietary interest in K&M.⁷⁰ Meyer was part owner and an officer of K&M.⁷¹ Also aggravating is the fact that some of the investors in United and K&M were customers of either Waddell or WRP.⁷² More than half of the individuals who purchased United Guarantees were customers of Waddell, and three K&M Note purchasers were customers of WRP.⁷³ It is aggravating that Meyer misled WRP about the nature of his outside business activities with K&M.⁷⁴ Meyer disclosed to WRP his outside business activity as an officer and part owner of K&M.⁷⁵ In November 2010, he verbally advised WRP of the possibility that K&M may engage in a securities offering.⁷⁶ WRP's president requested additional information and provided Meyer with specific instructions on how he could request WRP's review and approval of the offering.⁷⁷ Rather than follow the firm's protocol and submit the K&M offering for review, Meyer instead falsely advised WRP that K&M decided not to pursue an offering of securities.⁷⁸ Additionally, Meyer testified that he attended WRP's annual compliance meetings.⁷⁹ The firm presented materials at the annual compliance meetings that contained admonitions against "selling away" and stated that "selling away" may involve sales of unapproved products such as promissory notes. This too is an aggravating factor.⁸⁰ There are no mitigating factors.

Accordingly, the Hearing Officer bars Meyer from associating with any member firm in any capacity.

IV. Order

Respondent Jeffrey Brian Meyer is barred from associating with any FINRA member firm in any capacity for engaging in private securities transactions involving 37 customers and investments of more than \$1.5 million, in violation of NASD Rules 3040 and 2110 and FINRA

⁶⁹ *Id.*

⁷⁰ *Guidelines* at 14 (Principal Consideration No. 5).

⁷¹ March Decl. ¶ 16.

⁷² *Guidelines* at 15 (Principal Consideration No. 8).

⁷³ March Decl. ¶ 19.

⁷⁴ *Guidelines* at 15 (Principal Consideration No. 13).

⁷⁵ March Decl. ¶ 21.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ March Decl. ¶ 22.

⁸⁰ *Guidelines* at 7 (Principal Consideration No. 15).

Rule 2010. The bar shall become effective immediately if this Default Decision becomes the final disciplinary action of FINRA



Carla Carloni
Hearing Officer

Copies: Jeffrey Brian Meyer (*via overnight courier and first-class mail*)
Richard A. March, Esq. (*via electronic and first-class mail*)
Mark A. Koerner, Esq. (*via electronic mail*)
Jeffrey Pariser, Esq. (*via electronic mail*)

EXHIBIT A

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Jeffrey Brian Meyer
(CRD No. 4111125),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012032758601

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Jeffrey Meyer ("Meyer"), while employed by Waddell & Reed, Inc. ("Waddell & Reed") and WRP Investments, Inc. ("WRP"), acted outside the scope of his employment with those firms by participating in 37 private securities transactions totaling more than \$1.5 million, without providing prior written notice to the firms of his proposed roles in the transactions. As a result of the foregoing, Meyer violated NASD Conduct Rules 3040 and 2110 and FINRA Rule 2010.

RESPONDENT AND JURISDICTION

2. Meyer entered the securities industry in January 2000 as an Investment Company Products and Variable Contracts Representative with a FINRA registered firm. In March 2001, he became registered as a General Securities Representative with another FINRA registered firm. In January 2006, Meyer became registered as a General Securities

Representative with Waddell & Reed. He remained registered in that capacity at Waddell & Reed until September 2009. In September 2009, he became registered as an Investment Company Products and Variable Contracts Representative and a General Securities Representative with WRP. He remained with WRP until August 24, 2012. Although Meyer is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Respondent's registration with WRP, namely, August 24, 2012; and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

Meyer's Participation in Private Securities Transactions of United Private Capital

3. United Private Capital, Inc. was a corporate entity established as an investment vehicle for Forex currency trading. Between November 2008 and September 2009, United Private Capital, Inc. sold corporate guarantees totaling approximately \$1 million to 20 investors. The identity of the purchasers of the United Private Capital, Inc. corporate guarantees, and the amounts and dates of the investments by those purchasers, are set forth on Exhibit A, which is attached hereto and incorporated herein.

4. The corporate guarantees issued by United Private Capital, Inc. were securities.

5. By his own admission, while associated with Waddell & Reed, Meyer participated in each of the private securities transactions identified in Exhibit A. For example, Meyer in some instances collected checks from customers and assisted them in preparing documentation

necessary to effect the transaction. On at least one occasion, Meyer presented sales material to an individual who subsequently invested in the product.

6. Meyer's participation in the private securities transactions identified on Exhibit A was outside the course and scope of his employment at Waddell & Reed.

7. Prior to participating in the private securities transactions identified on Exhibit A, Meyer failed to provide Waddell & Reed with written or oral notice of his proposed role in those transactions.

Meyer's Participation in Private Securities Transactions of Strategic Lending Solutions

8. Strategic Lending Solutions LLC was a limited liability company established to make commercial loans to its customers using funds solicited from investors. Between January 2010 and July 2012, Strategic Lending Solutions LLC issued promissory notes totaling approximately \$300,000 to 13 investors. The identity of the purchasers of the promissory notes issued by Strategic Lending Solutions LLC, and the amounts and dates of the investments by those purchasers, are set forth on Exhibit B, which is attached hereto and incorporated herein.

9. The promissory notes issued by Strategic Lending Solutions LLC were securities.

10. By his own admission, while associated with WRP, Meyer participated in each of the private securities transactions identified in Exhibit B. For example, Meyer in some instances collected checks from customers and assisted them in preparing the documentation necessary to effect the transaction. In addition, Meyer on several occasions received selling compensation in the form of a 2% payment based on the amount of the promissory note.

11. Meyer's participation in the private securities transactions identified in Exhibit B was outside the course and scope of his employment at WRP.

12. Prior to participating in the private securities transactions identified in Exhibit B,

Meyer failed to provide WRP with written or oral notice of his proposed role in those transactions.

Meyer's Participation in Private Securities Transactions of K&M Oil Company

13. K & M Oil Company, Inc. was a corporate entity established for the purpose of purchasing and developing oil wells. Meyer invested approximately \$30,000 of his own money in K & M Oil Company, Inc. and held a one-third interest in the entity. Additionally, he served as K & M Oil Company's Secretary-Treasurer and Vice-President of Finance.

14. Between August 2010 and July 2011, K & M Oil Company, Inc. issued promissory notes totaling approximately \$238,000 to eight investors. The promissory notes issued by K & M Oil, Inc. were securities. The identity of the purchasers of the promissory notes issued by K & M Oil, Inc. and amounts and dates of the investments by those purchasers are set forth on Exhibit C, which is attached hereto and incorporated herein.

15. By his own admission, while associated with WRP, Meyer participated in the private securities transactions involving the promissory notes identified in Exhibit C. For example, Meyer retained the services of a consultant who helped prepare offering documents, attended offering presentations held in Texas, Florida and California, and in certain instances provided offering documentation to investors and accepted their investment checks.

16. Meyer's participation in the private securities transactions identified in Exhibit C was outside the course and scope of his employment at WRP.

17. Prior to participating in the private securities transactions identified in Exhibit C, Meyer failed to provide WRP with written or oral notice of his proposed role in those transactions.

FIRST CAUSE OF ACTION
Private Securities Transactions at Waddell & Reed
NASD Rules 3040 and 2110 and FINRA Rule 2010

18. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 17 above.

19. NASD Rule 3040 provides that, prior to participating in any private securities transaction, an associated person shall provide written notice to a FINRA registered firm with which he is associated describing the proposed transaction and person's role in that transaction, and stating whether he has received selling compensation in connection with the transaction.

20. NASD Rule 2110 and FINRA Rule 2010 require an associated person, in the conduct of his business, to "observe high standards of commercial honor and just and equitable principles of trade."

21. Meyer, while associated with Waddell & Reed, acted outside his scope of employment and participated in 20 private securities transactions identified on Exhibit A, without providing prior written or oral notice to Waddell & Reed of his proposed roles in those transactions.

22. As a result of the foregoing, Meyer violated NASD Rules 3040 and 2110 and FINRA Rule 2010.¹

SECOND CAUSE OF ACTION
Private Securities Transactions at WRP
NASD Rule 3040 and FINRA Rule 2010

23. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 22 above.

¹ For the period between November 2008, through December 14, 2008, the conduct is charged as a violation of NASD Rules 3040 and 2110, and for the period from December 15, 2008, through September 2009, as a violation of NASD Rule 3040 and FINRA Rule 2010.

24. Meyer, while associated with WRP, acted outside his scope of employment and participated in the 17 private securities transactions identified in Exhibits B and C, without providing prior written or oral notice to WRP of his proposed roles in, or the selling compensation that he was to receive from, those transactions.

25. As a result of the foregoing, Meyer violated NASD Rule 3040 and FINRA Rule 2010.


RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 21, 2014



Richard A. March
Senior Regional Counsel
Mark A. Koerner
AVP and Regional Chief Counsel
FINRA Department of Enforcement
55 W. Monroe St., Suite 2700
Chicago, IL 60603
Phone: (312) 899-4351
Fax: (312) 899-4600
E-mail: Richard.March@FINRA.org

Exhibit A

United Private Capital, Inc.		
Transactions	Date In	Amount Invested
JC	11/3/2008	\$ 380,475.00
PA	11/10/2008	\$ 61,589.00
GA	11/10/2008	\$ 18,275.00
BM & KM	11/14/2008	\$ 50,000.00
EW	1/5/2009	\$ 25,000.00
EW	1/12/2009	\$ 25,000.00
AS	1/12/2009	\$ 12,500.00
MB	2/6/2009	\$ 50,000.00
DW	2/11/2009	\$ 13,905.05
PD	2/11/2009	\$ 13,645.70
NH	3/11/2009	\$ 2,500.00
RW & DW	5/24/2009	\$ 220,358.00
RS	6/5/2009	\$ 10,050.00
BP	7/1/2009	\$ 350.00
JW	7/2/2009	\$ 6,000.00
HK	7/27/2009	\$ 17,500.00
RC	7/31/2009	\$ 24,576.23
KD	8/2/2009	\$ 8,156.59
HK	8/28/2009	\$ 32,950.51
DM	9/9/2009	\$ 1,800.00
20 Transactions	20 customers	\$ 987,131.08

Exhibit B

Strategic Lending Solutions LLC		
Transactions	Date In	Amount Invested
KM & BM	1/16/2010	\$ 10,000.00
AS & RS	1/27/2010	\$ 4,000.00
JP & TP	2/25/2010	\$ 50,000.00
KM & BM	4/28/2010	\$ 27,000.00
KM & BM	5/9/2010	\$ 26,900.00
DW & RW	5/10/2010	\$ 50,606.26
KM & BM	9/30/2010	\$ 72,500.00
BL & JL	9/16/2011	\$ 10,000.00
EK & JK	12/16/2011	\$ 7,150.43
TM	7/11/2012	\$ 50,000.00
10 transactions	13 customers	\$ 308,156.69

Exhibit C

K & M Oil Company, Inc.		
<u>Transactions</u>	<u>Date In</u>	<u>Amount Invested</u>
DD & KD	8/2/2010	\$ 50,000.00
JP	8/9/2010	\$ 95,446.39
BM & KM	9/20/2010	\$ 25,000.00
DB	11/15/2010	\$ 16,242.00
CG	7/1/2011	\$ 20,608.58
TH	7/9/2011	\$ 20,000.00
BM & KM	7/15/2011	\$ 10,700.00
7 transactions	8 customers	\$ 237,996.97