

BEFORE THE NATIONAL ADJUDICATORY COUNCIL
FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of

The Association of

Paul T. Inouye

as a

General Securities Representative and an
Investment Banking Representative

with

Middlemarch Securities LLC

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2451

October 28, 2025

I. Introduction

On December 18, 2024, Middlemarch Securities LLC (the “Firm”) filed with FINRA a Membership Continuance Application (the “Application”). The Application seeks to permit Paul T. Inouye, a person subject to statutory disqualification, to associate with the Firm as a general securities representative and an investment banking representative. A hearing was not held in this matter. Rather, pursuant to FINRA Rule 9523(a), FINRA’s Department of Member Supervision (“Member Supervision”) recommends that the Chairperson of the Statutory Disqualification Committee, acting on behalf of the National Adjudicatory Council (the “NAC”), approve Inouye’s association with the Firm pursuant to the terms and conditions set forth below.

For the reasons explained below, we approve the Application to permit Inouye to associate with the Firm as a general securities representative and investment banking representative, as described herein.

II. The Statutorily Disqualifying Event

Inouye is statutorily disqualified due to FINRA's acceptance, on April 6, 2021, of a Letter of Acceptance, Waiver and Consent (the "Disqualifying AWC"). Without admitting or denying any findings, Inouye agreed to the Disqualifying AWC finding that he willfully failed to disclose material information on his Uniform Application for Securities Industry Registration or Transfer ("Form U4"). Specifically, the Disqualifying AWC found that Inouye failed to timely disclose that he was charged with two felonies and pled nolo contendere to a felony.¹ In July 2019, Inouye was charged with felony rape of spouse unconscious by intoxication and anesthetic substance, to which he pled not guilty in July 2019. In October 2019, an amended complaint was filed against Inouye charging him with felony false imprisonment by violence, to which he pled nolo contendere in October 2019.² Inouye amended his Form U4 to disclose these matters in late January 2020.³ Inouye states that the criminal charges all arose from an incident with his then-wife, from whom he was in the process of obtaining a divorce.

¹ FINRA's By-Laws provide that a person is subject to "disqualification," and thus must seek and obtain FINRA's approval prior to associating with a member firm, if he is disqualified under Section 3(a)(39) of the Securities Exchange Act of 1934 ("Exchange Act"). *See* FINRA By-Laws, Art. III. Exchange Act Section 3(a)(39)(F) provides that a person is subject to statutory disqualification if he has willfully made a false or misleading statement of material fact, or has omitted a material fact required to be disclosed, in any application or report filed with a self-regulatory organization.

Question 14.A(1) of Form U4 asks, "Have you ever: (a) been convicted of or pled guilty or nolo contendere ('no contest') in a domestic, foreign, or military court to any felony? (b) been charged with any felony?" Article V, Section 2(c) of FINRA's By-Laws requires that an associated person keep his Form U4 current at all times and to update information on the Form U4 within 30 days. "If such amendment involves a statutory disqualification as defined in Section 3(a)(39) and Section 15(b)(4) of the [Exchange] Act, such amendment shall be filed not later than ten days after such disqualification occurs." FINRA By-Laws, Art. V, Sec. 2(c). Further, FINRA Rule 1122 states that, "[n]o member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

² As part of Inouye's plea, the July 2019 felony charge was dismissed.

³ In February 2020, Inouye withdrew his October 2019 plea and entered a plea of no contest to felony assault by means likely to produce great bodily injury. A court sentenced him to three years of probation, six months of jail time, and domestic violence counseling. In September 2021, the court reduced this felony to a misdemeanor and terminated Inouye's probation. In December 2021, the court dismissed Inouye's conviction.

The Disqualifying AWC suspended Inouye in all capacities for six months and fined him \$5,000. Inouye served his suspension and paid the fine in full. Inouye states that he “will adhere to all FINRA reporting requirements both by becoming better educated about them and by seeking advice from experienced counsel.”

III. Background Information

A. Inouye

Inouye first registered as a corporate securities representative in July 1996 and as a general securities representative and general securities principal in January 2003. He also passed the uniform securities agent state law examination in July 2003 and qualified as an investment banking representative in December 2009 and as an investment banking principal in October 2018. Inouye requalified as an investment banking representative in December 2024 and as a general securities representative in January 2025. Inouye also retook and passed the uniform securities agent state law examination in January 2025. Prior to associating with the Firm, Inouye was associated with 12 other member firms.⁴

Other than the Disqualifying AWC and the criminal matters related to the Disqualifying AWC, the record does not show any disciplinary or regulatory proceedings, complaints, or arbitrations against Inouye.

B. The Firm

The Firm has been a FINRA member since March 2017 and is based in Stamford, Connecticut. It has two branch offices, both of which are Offices of Supervisory Jurisdiction (“OSJ”). The Firm employs eight registered individuals, four of whom are registered principals, and one non-registered fingerprint individual. The Firm does not employ any additional individuals that are subject to statutory disqualification.

The Firm is wholly-owned by Middlemarch Partners LLC (“Parent”). Demetris Papademetriou (“Papademetriou”) and Alexander Grutman (“Grutman”) each hold a 50% ownership interest in Parent and co-founded the Firm.

1. Routine Examinations

Since becoming a FINRA member, FINRA has conducted two routine examinations of the Firm. In October 2021, in connection with the Firm’s 2021 routine examination, FINRA issued the Firm a Cautionary Action. The Cautionary Action cited the Firm for failing to reflect

⁴ Between 2020 and 2024, Inouye established a consulting firm through which he has been providing various services to technology companies.

on the Firm's website its relationship with an affiliate and failing to correctly record legal expenses and commissions. The Firm responded in writing to the deficiencies noted and represented that it took remedial steps to help ensure that deficiencies do not reoccur.

In March 2018, in connection with the Firm's 2017 routine examination, FINRA issued the Firm a Cautionary Action. The Cautionary Action cited the Firm for the following deficiencies: failing to enforce its written procedures and maintain records related to due diligence reviews; distributing communications to potential investors that omitted material information; failing to create and maintain accurate financial books and records; and failing to properly store its records related to private offering due diligence. The Firm responded in writing to the noted deficiencies and represented that it took remedial steps to help ensure that deficiencies do not reoccur.

2. Regulatory or Disciplinary History

The record shows no regulatory or disciplinary history against the Firm.

IV. Inouye's Proposed Business Activities and Supervision

The Firm proposes that Inouye will work from his residence located in Menlo Park, California, as a general securities representative and as an investment banking representative. The Firm represents that Inouye will focus on providing mergers and acquisitions advisory services to companies seeking buyers for their businesses. Inouye plans to market his services to his extensive contacts, mostly in the technology sector. Inouye will advise clients on how to effect any merger or acquisition, market the client to potential investors, advise the client on negotiating with and selecting an investor, assist the client in negotiating the documentation to effectuate the transaction, and collect the documentation and assemble a "deal file" for compliance records. Inouye will also identify companies that need to raise capital and introduce these companies to other Firm representatives. Finally, Inouye may be asked to provide investor clients with an assessment of the value of potential target companies. Inouye will earn a percentage of the success fee income associated with each investment banking transaction that he works on.

The Firm proposes that Papademetriou will serve as Inouye's primary supervisor. Papademetriou works from the Firm's Stamford, Connecticut, office. In addition to owning 50% of the Firm, he currently serves as the Firm's financial and operations principal. Papademetriou, along with the Firm's co-owner Grutman, set all strategic direction for the Firm and structure all Firm engagements. Papademetriou currently supervises Grutman. Papademetriou first registered as a general securities representative in December 2012, as an investment banking representative in October 2014, as a general securities principal in September 2016, as an operations professional in March 2018, and as an investment banking principal in October 2018. He also passed the uniform securities agent state law examination in March 2013.

Papademetriou has been registered with the Firm since May 2016. He was previously associated with two member firms. The record does not show any disciplinary or regulatory proceedings, complaints, or arbitrations against Papademetriou.

FINRA's Central Registration Depository ("CRD"®) lists the following outside business activities for Papademetriou: (1) managing member of Storm King Capital LLC, a personal investment vehicle to which he devotes two weeks per year; (2) manager of Middlemarch Capital Partners-FS GP ("Middlemarch Partners-FS GP"), a special purpose vehicle organized to oversee investments in a lease-to-own finance company, to which he devotes two hours per month; (3) partner at Parent, to which he devotes approximately 10 hours per month; (4) principal at Middlemarch Capital Partners, LLC ("Middlemarch Advisers"), a registered investment adviser, to which he devotes approximately 10 hours per month; (5) trustee for Middlemarch Partners 401k and Pension Plan, to which he devotes approximately three hours per month; and (6) member of MCP Gold GP LLC ("MCP Gold"), a special purpose vehicle organized to oversee investments in an investment fund that provided capital to a gold buying company, to which he devotes approximately four hours per month.

If Papademetriou is unavailable, Grutman will serve as Inouye's alternate supervisor. Grutman works from the Firm's New York City office. In addition to his role as the Firm's co-owner, Grutman serves as the Firm's chief executive officer and chief compliance officer. He supervises the sales practices of the Firm's registered personnel. Grutman has known Inouye since 1993 when they both attended business school, and they have remained in contact since.

Grutman first registered as a general securities representative in July 2012, as a general securities principal in August 2016, as an investment banking representative and operations professional in March 2017, and an investment banking principal in October 2018. He also passed the uniform securities agent state law examination in October 2012. Grutman has been associated with the Firm since May 2016. He was previously associated with two member firms. The record shows no disciplinary or regulatory proceedings, complaints, or arbitrations against Grutman.

CRD lists the following outside business activities for Grutman: (1) manager of Middlemarch Partners-FS GP, to which he devotes two hours per month; (2) partner at Parent, to which he devotes approximately 10 hours per month; (3) partner at Middlemarch Advisers, to which he devotes approximately 10 hours per month; (4) trustee for Middlemarch Partners 401k and Pension Plan, to which he devotes approximately three hours per month; (5) owner of Deucalion Advisors LLC, a private investment vehicle, to which he devotes less than two hours per month; (6) board member of Prepaid Ventures, a prepaid debit card program management company, to which he devotes approximately three hours per month; and (7) member of MCP Gold, to which he devotes approximately four hours per month.

V. Member Supervision's Recommendation

Member Supervision recommends approving the Firm's request for Inouye to associate with the Firm as a general securities representative and investment banking representative, subject to the terms and conditions of heightened supervision described below.

VI. Discussion

We have carefully considered the entire record in this matter. Based on this record, and pursuant to the Commission's controlling decisions in this area, we approve the Firm's Application to employ Inouye in the capacities requested, subject to the supervisory terms and conditions set forth below.

A. The Legal Standards

We acknowledge that Inouye, as a registered individual, was responsible for knowing the rules of the securities industry and for timely updating his Form U4. *See, e.g., Robert E. Kauffman*, 51 S.E.C. 838, 840 (1993) ("Every person submitting registration documents [to FINRA] has the obligation to ensure that the information printed therein is true and accurate."), *aff'd*, 40 F.3d 1240 (3d Cir. 1994) (table). The SEC has emphasized that Form U4 "is critical to the effectiveness of the screening process used to determine who may enter (and remain in) the industry. It ultimately serves as a means of protecting the investing public." *See Robert D. Tucker*, Exchange Act Release No. 68210, 2012 SEC LEXIS 3496, at *25-26 (Nov. 9, 2012); *see also Jason A. Craig*, Exchange Act Release No. 59137, 2008 SEC LEXIS 2844, at *19 (Dec. 22, 2008) (stating that "[m]ember firms use Form U4 to screen applicants for employment and to establish procedures to supervise employees with criminal or disciplinary histories. Information concerning Craig's criminal history would have been significant to [his employing firm] in determining whether to employ Craig and, if it did, what supervisory procedures were necessary to protect investors.>").

We also recognize, however, that FINRA weighed the gravity of Inouye's failure to disclose the felony charges and felony nolo contendere plea when it agreed to the Disqualifying AWC in April 2021. After considering Inouye's entire history in the securities industry, FINRA concluded that a six-month suspension and \$5,000 fine were appropriate sanctions for his disqualifying misconduct. Inouye served this suspension and paid the fine in full. In such circumstances, the Commission has instructed FINRA to evaluate a statutory disqualification application pursuant to the standards enunciated in the Commission's decisions in *Paul Edward Van Dusen*, 47 S.E.C. 668 (1981), and *Arthur H. Ross*, 50 S.E.C. 1082 (1992). *See May Capital Group, LLC* (hereinafter "*Rokeach*"), Exchange Act Release No. 53796, 2006 SEC LEXIS 1068, at *21 (May 12, 2006) (holding that FINRA must apply *Van Dusen* standards to the membership continuance applications of statutorily disqualified individuals whose disqualifications resulted from FINRA enforcement action).

Van Dusen and *Rokeach* provide that in situations where an individual's misconduct has already been addressed by the Commission or FINRA, and sanctions have been imposed for such misconduct, FINRA should not consider the individual's underlying misconduct when it evaluates a statutory disqualification application. The Commission stated that when the period of time specified in the sanction has passed, in the absence of "new information reflecting adversely on [the applicant's] ability to function in his proposed employment in a manner consonant with the public interest," it is inconsistent with the remedial purposes of the Exchange Act and unfair to deny an application for re-entry. *Van Dusen*, 47 S.E.C. at 671.

The Commission also noted in *Van Dusen*, however, that an applicant's re-entry is not "to be granted automatically" after the expiration of a given time period. *Id.* Instead, the Commission instructed FINRA to consider other factors, such as: (1) other misconduct in which the applicant may have engaged; (2) the nature and disciplinary history of the prospective employer; and (3) the supervision to be accorded the applicant. *Id.*

B. Application of the *Van Dusen* Standards

After applying the *Van Dusen* standards to this matter, we have determined to approve the Firm's Application to employ Inouye in the capacities requested.

First, the record does not show any complaints, regulatory actions, or criminal history since the Disqualifying AWC. Given the expiration of time for the suspension imposed upon Inouye, and the teachings of *Van Dusen*, he is now permitted to seek to associate with a member firm.⁵

Second, the Firm does not have any formal disciplinary history. The Firm also represented that it addressed the deficiencies noted during its 2021 and 2017 routine examinations. Further, the Firm has in place well-qualified individuals with unblemished histories to supervise Inouye. We agree with Member Supervision that although both Papademetriou and Grutman have numerous outside business activities and supervisory responsibilities at the Firm, this should not prevent them from stringently supervising Inouye's securities activities pursuant to the heightened supervisory plan. We also agree with Member Supervision that while Grutman's long-standing relationship with Inouye, and Papademetriou and Grutman's ownership of the Firm, present potential conflicts of interest with respect to their supervision of Inouye, the proposed supervisory plan and regular statutory disqualification

⁵ In addition to acknowledging the seriousness of Inouye's failure to disclose felony criminal charges and his felony conviction, Member Supervision acknowledged the seriousness of the criminal conduct underlying the Disqualifying AWC. We agree with Member Supervision's assessment of the seriousness of these matters. However, we also agree with Member Supervision's assessment that, pursuant to Commission precedent, this misconduct was known to FINRA's Department of Enforcement at the time it agreed to the Disqualifying AWC and thus should not prevent Inouye from associating with a member firm. *See Rokeach*, 2006 SEC LEXIS 1068, at *21 (holding that FINRA must apply *Van Dusen*'s standards to an individual disqualified because of a FINRA enforcement action and "should generally confine its analysis to new information"). We also note that Inouye's July 2019 felony charge was subsequently dismissed and he pled to a different felony charge, which the court later reduced to a misdemeanor while terminating Inouye's probation. And, in December 2021, the court dismissed Inouye's misdemeanor conviction.

examinations of the Firm mitigate such risks.⁶ We find nothing in the record to suggest that the Firm will be unable to provide the stringent supervision necessary for a statutorily disqualified individual such as Inouye.

Third, based on the record before us, we find that the Firm's proposed plan of supervision is sufficiently stringent and comprehensive. The plan provides several means for Papademetriou to monitor Inouye's daily activity, and he will meet with Inouye weekly via video conference to discuss Inouye's business activities, meetings, and client and potential client communications. They will also meet in person at least quarterly to discuss these matters, and the supervisory plan contains provisions to help ensure that disclosure failures similar to the misconduct underlying the Disqualifying AWC do not reoccur.

We are satisfied that the following heightened supervisory procedures will enable the Firm to reasonably monitor Inouye's activities on a regular basis:

1. The Firm must amend its written supervisory procedures to state that Papademetriou is the primary supervisor responsible for supervising Inouye. If at any time Papademetriou is not available to perform his supervisory functions, his responsibilities must be performed by Grutman, who has been designated as Inouye's alternate supervisor.
2. If Grutman performs any supervisory functions under this Plan in Papademetriou's absence, upon Papademetriou's return, Papademetriou will review the supervisory activities conducted by Grutman to confirm that Grutman performed the required supervision and to identify whether Inouye's activity that was supervised by Grutman raises any red flags.
3. Inouye will work from his residence located in Menlo Park, California.⁷ Papademetriou and Grutman will be supervising Inouye remotely.
4. Inouye will solely act in an investment banking capacity at the Firm where he will provide mergers and acquisitions advisory services to clients and assessments of potential target software and technology companies.
5. Inouye must not maintain discretionary accounts for broker-dealer customers.
6. Inouye must not act in a supervisory capacity.

⁶ We note that the Firm initially proposed that Grutman serve as Inouye's primary supervisor but agreed to relegate Grutman to Inouye's alternate supervisor. The heightened supervisory plan further provides that Papademetriou will review any supervisory activities performed by Grutman in the event Grutman supervises Inouye in Papademetriou's absence.

⁷ The Firm represents that Inouye will not be meeting with current or potential clients at his residence.

7. Papademetriou and Inouye must meet via teleconference or video conference at least once per week to discuss Inouye's business activities, Inouye's communications with clients or potential clients, Inouye's meetings with prospective and current Firm clients, and any issues regarding the Plan. Papademetriou will maintain a record of these meetings, which will include the purpose of the meeting and a description of the matters discussed. The Firm must maintain records of these meetings in a readily accessible place for ease of review by FINRA staff.
8. At least once every three months, Papademetriou and Inouye must meet in person at one of the Firm's offices. They will discuss Inouye's business activities, current and prospective clients, and any issues regarding the Plan. Papademetriou will maintain a record of these meetings, which will include the purpose of the meeting and a description of the matters discussed. The Firm must maintain records of these meetings in a readily accessible place for ease of review by FINRA staff.
9. Inouye must maintain an electronic calendar of his meetings with prospective and current Firm clients, accessible by Papademetriou, who will review it every two weeks and maintain a record or log of his review. The Firm must maintain the records or logs in a readily accessible place for ease of review by FINRA staff.
10. Inouye will not be authorized to commit the Firm to any business obligation without prior approval from Papademetriou. Inouye will notify Papademetriou of Inouye's transmission of a proposed engagement letter or agreement to a prospective investment banking client prior to the Firm's execution of the letter or agreement. Such notification may be accomplished by Inouye forwarding the email to Papademetriou or copying him on the email. Papademetriou must review and approve all engagement letters or agreements for new investment banking clients introduced to the Firm by Inouye. Papademetriou must document this review and preapproval. The Firm must maintain copies of each engagement letter or agreement and evidence of Papademetriou's review and preapproval in a readily accessible place for ease of review by FINRA staff.
11. The only email addresses that Inouye shall use for Firm business communications are email addresses approved by the Firm and which the Firm has processes in place to retain in compliance with record-keeping rules and requirements. If Inouye receives a Firm business-related email in a non-approved email account, he must immediately notify Papademetriou and forward that message to a Firm-approved email account.
12. Papademetriou must review on a weekly basis Inouye's incoming and outgoing Firm correspondence, including hard copy and electronic correspondence such as email, LinkedIn direct messages, WhatsApp messages, and any other electronic means of corresponding that Inouye is approved to use for Firm business, in a manner to ensure Inouye's compliance with FINRA rules, and securities laws

and regulations. Papademetriou must document this review and he must discuss any red flags detected with Inouye each week. Papademetriou must also document the resolution of those red flags. The Firm shall keep documentation of this review in a readily accessible place for ease of review by FINRA staff.

13. Inouye must disclose to the Firm his social media accounts, regardless of whether he actively uses such accounts. Inouye will only use social media accounts, including LinkedIn, for Firm business purposes with approval by the Firm. The Firm will document the steps taken to approve each individual social media account (if any) and the date of approval. The Firm shall keep records of such disclosures and reviews in a readily accessible place for ease of review by FINRA staff.
14. Papademetriou must review Inouye's social media accounts approved for Firm business, including LinkedIn, on a monthly basis. The Firm must keep records of such content reviews in a readily accessible place for ease of review by FINRA staff.
15. Inouye will only use text messaging, whether through SMS messaging, iMessage, WhatsApp, or any other messaging service, for Firm business with prior approval by the Firm. The Firm will document the steps taken to approve each individual messaging medium, if any, and the date of approval. The Firm will only approve messaging services that are captured by a record-keeping service in compliance with securities laws and regulations. The Firm shall keep records of such requests for approval and the outcome of that request in a readily accessible place for ease of review by FINRA staff.
16. Inouye must immediately notify Papademetriou of all complaints, whether verbal or written, on the same day he receives them. The Firm must investigate all such complaints and document this review and the investigation's outcome. The Firm must maintain this documentation in a readily accessible place for ease of review by FINRA staff.
17. The Firm must quarterly conduct a public records search to determine if Inouye has any new events required to be disclosed on his Form U4. The Firm must maintain a record of each search in a readily accessible place for ease of review by FINRA staff.
18. Inouye must promptly disclose to Papademetriou any new unpaid liens and judgments, bankruptcies, criminal matters, and outside business activities that are required to be disclosed on Form U4. Inouye shall certify, quarterly, that he has reviewed his Form U4, and that all his answers are complete, accurate, and were made in a timely manner. Such certifications shall be kept in a readily accessible place for ease of review by FINRA staff.
19. The Firm must obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of this Plan.

20. The Firm must submit any proposed changes or other requested information under this Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

FINRA certifies that: (1) Inouye meets all applicable requirements for the proposed employment; (2) the Firm is not a member of another self-regulatory organization; (3) the Firm has represented that Inouye is not related to Papademetriou or Grutman by blood or marriage; and (4) the Firm does not employ any other statutorily disqualified individuals.

VII. Conclusion

Accordingly, we approve the Firm's Application to employ Inouye as a general securities representative and investment banking representative. In conformity with the provisions of Exchange Act Rule 19h-1, the association of Inouye with the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the Commission.

On Behalf of the National Adjudicatory Council,



Jennifer Mitchell Piorko
Vice President and Deputy Corporate Secretary