

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014043542404**

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

RE: Kevin Edward Hagan, Respondent
Former Registered Representative
CRD No. 1557867

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

Kevin Edward Hagan entered the securities industry in October 2000. Until June 16, 2015, he had been registered at several FINRA member firms as a General Securities Representative, Equity Trader Limited Representative, and General Securities Principal. From December 26, 2014 to June 5, 2015, he was registered in those capacities with Global Arena Capital Corp. ("Global Arena" or the "firm"). Prior to his employment with Global Arena, Hagan's supervisory responsibilities were limited to order entry, order execution, and operations.

Hagan has not been associated with a member firm since his termination by another FINRA member on June 16, 2015. However, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-Laws.

OVERVIEW

From January 23, 2014 to April 14, 2014, Hagan was the designated branch manager and supervisor of the Office of Supervisory Jurisdiction of Global Arena located at 1350 Sixth Avenue and, later, 880 Third Avenue, New York, NY (the "Sixth Avenue

Branch⁷). From April 14, 2014 to June 5, 2015, Hagan was delegated certain supervisory responsibilities in the Sixth Avenue Branch, but was no longer its branch manager. Hagan failed to adequately discharge his supervisory responsibilities, both during the three months he was the designated supervisor of the branch, and thereafter as the designated reviewer of the branch's trade blotter and exception reports. Accordingly, Hagan violated FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

Facts

The Sixth Avenue Branch of Global Arena

Global Arena was a retail broker-dealer with offices in New York and Florida. The firm filed an application to withdraw from FINRA membership on June 5, 2015 and is no longer in business. On July 20, 2015, FINRA cancelled its registration.

On October 24, 2013, Global Arena opened the Sixth Avenue Branch to register certain brokers who had been discharged by another FINRA member firm. The branch's business model involved daily calls to thousands of potential and existing customers, including senior citizens, to make solicited recommendations of securities. Because the branch typically charged its customers a 3.9% markup or markdown per trade, the purchase and sale of a single security would typically cost a customer 7.8%.

Hagan Failed to Supervise the Sixth Avenue Branch's Activities

Hagan joined Global Arena on December 26, 2013 as a trading and operations principal. On January 23, 2014, Hagan was designated as the branch manager and supervisor of the Sixth Avenue Branch. Hagan knew that he lacked the experience and training needed to perform the functions of a branch manager at a retail broker-dealer, yet he failed to take reasonable steps to understand his supervisory responsibilities. Hagan did not seek to understand the supervisory responsibilities described in the firm's Written Supervisory Procedures, which he never requested or read. Instead, he performed only those specific supervisory tasks that were orally communicated to him by his supervisor, who beginning in August 2014 was also the firm's President.

Between January 23, 2014 and April 14, 2014, the period that Hagan was branch manager, brokers in the Sixth Avenue Branch made material misrepresentations and omissions in connection with their sales of junk bonds to customers. For example, when recommending junk bonds that were trading at substantial discounts, they made baseless predictions that the bonds would be called at par and that the customer would make extraordinary returns within a short period of time. The branch's senior brokers also directed junior brokers to "cold call" potential customers using misleading sales scripts to induce them to open new accounts. The brokers also engaged in other sales practice abuses. They made unsuitable recommendations, entered unauthorized trades, excessively traded, and churned customer accounts. Due to the high commissions

charged, the excessive trading activity at the Sixth Avenue Branch caused significant customer losses.

Hagan took no steps to supervise these registered representatives or ensure that their communications with customers were appropriately supervised. Instead of discharging his supervisory responsibilities, Hagan spent virtually all of his time at the Sixth Avenue Branch executing equity orders and booking bond trades.

Between February 2014 and June 2015, Hagan was specifically delegated responsibility for reviewing the daily trade blotter for the Sixth Avenue Branch. Hagan failed to do so. Instead of reviewing the transactions that appeared on the blotter, he automatically approved all transactions that had not been flagged as exceptions by the firms' electronic systems. He took no steps to determine whether these transactions were suitable or otherwise complied with FINRA Rules and the federal securities laws.

Between February 2014 and June 2015, Hagan also was responsible for reviewing the "Account Daily" exception report for the Sixth Avenue Branch. The Account Daily report included turnover and velocity alerts that identified potentially excessive trading. When a velocity or turnover alert appeared on the Account Daily report, Hagan did not attempt to determine whether the flagged transaction was suitable. Instead, Hagan automatically approved any trade that was marked as solicited.

In order to clear the velocity and turnover alerts in the Account Daily report, the firm's electronic system required the reviewer to provide a written justification for the trading activity. Hagan cleared the velocity and turnover alerts by automatically writing "velocity is ok" or "asset reallocation." He did so even though he had no understanding of whether these explanations were accurate. As a result, tens of thousands of trades that triggered alerts for potentially excessive trading received no meaningful supervisory review.

Violations

FINRA Rule 3110(a) requires member firms to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. Individuals who fail to exercise their supervisory responsibilities reasonably violate FINRA Rule 3110.

As described above, Hagan failed to discharge his responsibilities as the designated supervisor of the Sixth Avenue Branch during the period January 23, 2014 to April 14, 2014, and, until June 5, 2015, as the designated reviewer of the branch's trade blotter and exception reports. As a result, Hagan violated FINRA Rules 3110 and 2010.

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

- A bar from associating with any FINRA member in any principal capacity.

- A fine of \$15,000.

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.

A bar or expulsion shall become effective upon approval or acceptance of this AWC.

I understand that if I am barred or suspended from associating with any FINRA member in a principal capacity, 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 a principal capacity, during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the bar, if I remain associated with a member firm in a non-barred capacity, an application to continue that association may be required.

I understand that this settlement includes a finding that I failed to supervise an individual who violated Section 10(b) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

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.

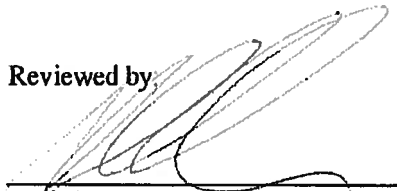
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

8/11/2015
Date (mm/dd/yyyy)

Kevin E. Hagan
Kevin Edward Hagan, Respondent

Reviewed by:



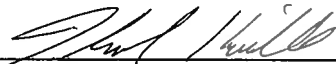
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(212) 269-1400

Accepted by FINRA:

9/14/15

Date

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



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