

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016050054501**

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

RE: Neil S. Fineman, Respondent
Former Registered Representative
CRD No. 2225170

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

Neil S. Fineman (“Fineman” or “Respondent”) first entered the securities industry in June 1992 when he associated with a FINRA member firm. He obtained his Series 7 and 63 licenses in June 1992 and his Series 66 license in June 2005. From July 2007 to October 2013, Fineman was registered with Regal Securities, Inc. (“Regal”). From September 2013 to February 2014, he was registered with SagePoint Financial, Inc. (“SagePoint”). From February 2014 to January 2016, Fineman was registered with First Allied Securities, Inc. (“First Allied”). First Allied terminated Fineman’s registration on January 25, 2016 after Fineman resigned from the firm.

Although Fineman is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-Laws.

RELEVANT DISCIPLINARY HISTORY

Fineman was previously suspended for 20 business days and fined \$5,000 for engaging in outside business activities without providing prior written notice to his former firms, in violation of FINRA Rules 3270 and 2010. *See* AWC No. 2013038530901 (October 21, 2015).

OVERVIEW

From January 2011 through January 2016 (“the Relevant Period”), while registered with Regal, SagePoint, and then First Allied, Fineman engaged in private securities transactions by selling away at least \$2.5 million worth of shares in GOH and its subsidiaries and predecessor companies (collectively the “company”), without providing prior written notice to each of his respective firms, in violation of NASD Rule 3040 and FINRA Rules 3280 and 2010. Additionally, during FINRA’s investigation of the instant matter and during the investigation in matter no. 2013038530901, Fineman failed to provide FINRA with all requested information and documents and provided FINRA with misleading and inaccurate information, in violation of FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 and FINRA Rule 3280¹ prohibit registered representatives from participating in any private securities transaction without first providing written notice to the registered representative’s firm. NASD Rule 3040 and FINRA Rule 3280 define a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member [firm].” Violations of NASD Rule 3040 and FINRA Rule 3280 are also violations of FINRA Rule 2010, which requires members, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Beginning in 2011, Fineman began selling shares in the company, which Fineman helped found and later ran. By January 2016, Fineman sold at least \$2.5 million worth of shares in the company to 60 investors, at least 16 of whom were customers of Fineman’s at Regal, SagePoint, and/or First Allied. Fineman participated in the sales by soliciting investments from investors, including firm customers; facilitating the investments by accepting and depositing investment checks; receiving commissions for the sales; hiring a consultant to draft a Private Placement Memorandum; and communicating with existing investors regarding their investments.

¹ NASD Rule 3040 was replaced by FINRA Rule 3280 on September 21, 2015. For conduct occurring prior to September 21, 2015, NASD Rule 3040 applies. For conduct occurring on or after September 21, 2015, FINRA Rule 3280 applies.

Fineman did not provide written notice to, or obtain approval from, Regal, SagePoint, or First Allied to participate in any private securities transactions while registered with each firm. By virtue of the foregoing, Fineman violated NASD Rule 3040 and FINRA Rules 3280 and 2010.

FINRA Rule 8210(a) permits FINRA staff to “require a member, person associated with a member, or any other person subject to FINRA’s jurisdiction to provide information orally, in writing, or electronically. . .with respect to any matter involved in the investigation, complaint, examination, or proceeding.” Rule 8210(c) states that “[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.” A registered person who fails to provide information or documents requested by FINRA staff or who provides inaccurate information to FINRA staff violates Rule 8210. A violation of Rule 8210 is also a violation of FINRA Rule 2010.

In both the current matter and the prior matter no. 2013038530901, pursuant to Rule 8210, FINRA staff sent Fineman several requests for documents and information regarding his involvement in outside business activities and his participation in private securities transactions. In his responses to those requests, which he provided to FINRA from October 2013 to December 2013 and December 2016 to March 2017, Fineman failed to provide certain documents and information. His responses also included misleading and inaccurate information regarding his role in the company, as well as his participation in private securities transactions. By virtue of the foregoing, Fineman violated FINRA Rules 8210 and 2010.

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

A bar in all capacities from associating with any FINRA member.

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

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:

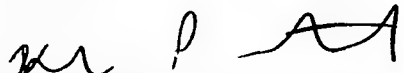
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public 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.

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.

12/19/2017
Date (mm/dd/yyyy)


Neil Fineman, Respondent

Reviewed by:



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Counsel for Respondent
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Accepted by FINRA:

12-20-2017

Date

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



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