

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2016052066501**

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

**RE:** Raleigh Kraft, Respondent  
Registered Representative  
CRD No. 1036719

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Raleigh Kraft submits 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 Respondent alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, 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**

Respondent entered the securities industry in January 1982 when he became associated with a former FINRA member firm, where he was employed until June 1983. He first became registered with FINRA as a General Securities Representative in April 1982 through his association with that firm. From June 1983 to April 2008, Respondent was associated with seven other FINRA member firms. On April 25, 2008, Kraft registered with FINRA when he became associated with Wells Fargo Advisors Financial Network, LLC ("Wells Fargo" or the "Firm").

On November 15, 2016, Wells Fargo filed a Form U5 disclosing that Respondent had been discharged on October 24, 2016 for "multiple policy violations, including communicating with clients via a personal email account, conducting business via a personal computer, and sending correspondence to clients without Compliance or supervisory approval."

On December 2, 2016, Respondent became associated with another FINRA member firm, and registered with FINRA on December 6, 2016. Since Respondent is currently registered with FINRA, he remains subject to FINRA's jurisdiction.

## **RELEVANT DISCIPLINARY HISTORY**

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

## **OVERVIEW**

From April 2008 to October 2016 (the "Relevant Period"), Respondent used a personal email address to communicate with securities customers concerning business-related matters, causing his member firm to fail to review the emails and retain them among its books and records, in violation of NASD Rules 3110(a) and 2110, and FINRA Rules 4511 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 4511 and its predecessor NASD Rule 3110(a)<sup>1</sup> require member firms to make and preserve books and records in conformity with Section 17 of the Securities Exchange Act of 1934 and Rules 17a-3 and 17a-4 thereunder. Rule 17a-4(b)(4) requires each member to preserve for a period of three years the originals of all communications received and copies of all communications sent by the member relating to its business. Emails fall within the purview of Rule 17a-4. In addition, FINRA Rule 2010 and its predecessor NASD Rule 2110<sup>2</sup> require member firms and their associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

During the Relevant Period, Respondent routinely used a personal email address to send hundreds of communications with customers regarding business matters which were not retained by the Firm. Respondent's use of the personal email caused the Firm to fail to comply with its recordkeeping obligations under Exchange Act and NASD and FINRA rules.

Respondent used the personal email account even though the Firm's written procedures required him to use the Firm's email system when sending or receiving business related emails. Respondent signed annual attestations stating that he was aware of, and abided by, the Firm's policies and procedures, including specifically the Firm's policies governing email communications. Furthermore, Respondent used the personal email address to send correspondence to customers which required Firm compliance review and pre-approval, and thereby circumvented Firm compliance procedures.

By virtue of the foregoing, Respondent violated NASD Rule 3110(a) (for conduct prior to December 5, 2011), NASD Rule 2110 (for conduct prior to December 15, 2008), FINRA Rule 4511 (for conduct on and after December 5, 2011) and FINRA Rule 2010 (for conduct on and after December 15, 2008).

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<sup>1</sup> Effective December 5, 2011, FINRA Rule 4511 replaced NASD Rule 3110(a).

<sup>2</sup> Effective December 15, 2008, FINRA Rule 2010 replaced NASD Rule 2110.

B. Respondent also consents to the imposition of the following sanctions:

- A two-month (60 days) suspension from association with any FINRA member in any capacity; and
- A fine of \$5,000.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment 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.

Respondent further specifically and voluntarily waives 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**

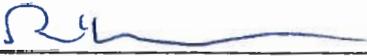
Respondent understands that:

- 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 Respondent; and
- C. If accepted:
  1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  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. Respondent 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. Respondent 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 Respondent's: (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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

9/13/19  
Date

  
Raleigh Kraft  
Respondent

Reviewed by:

  
Todd Ratner  
Counsel for Respondent  
Todd Ratner PLC  
7201 Glen Forest Drive  
Suite 102  
Richmond, VA 23226

Accepted by FINRA:

9/27/19  
Date

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

  
Bruce M. Sabados  
Senior Counsel  
FINRA  
Department of Enforcement  
Brookfield Place  
200 Liberty Street  
New York, NY 10022