

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017052705801**

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

RE: James M. Lamont, Respondent
General Securities Representative
CRD No. 2846228

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Respondent James M. Lamont, 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

Lamont first registered with FINRA through his association with a member firm in February 1997. In April 2015, Lamont registered with FINRA as a General Securities Representative and Investment Company Products/Variable Contracts Representative through Whitehall-Parker Securities, Inc. (CRD No. 10608) (“Whitehall-Parker” or the “Firm”). Lamont currently is registered with FINRA through Whitehall-Parker.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

Between September 2015 and November 2017 (the “Relevant Period”), Lamont engaged in unapproved private securities transactions involving the sale of promissory notes totaling \$1,467,000. Lamont’s conduct violated NASD Rule 3040 and FINRA Rules 3280 and 2010.¹

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280(b), like its predecessor NASD Rule 3040(b), states that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person’s proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.” FINRA Rule 3280(e) defines generally a private securities transaction as any securities transaction outside the regular course or scope of an associated person’s employment with a member. FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

During the Relevant Period, Lamont solicited investors to purchase promissory notes relating to the Woodbridge Group of Companies, LLC (“Woodbridge”), a purported real-estate investment fund. Lamont sold \$1,467,000 in Woodbridge promissory notes to seven investors, three of whom were also customers of Whitehall-Parker. Lamont received \$81,417 in commissions in connection with these transactions.²

Although the Firm’s Written Supervisory Procedures (“WSPs”) required registered representatives to request and obtain approval prior to engaging in private securities transactions, Lamont never sought approval to sell Woodbridge notes. Lamont disclosed “Woodbridge Mortgage” to the Firm in a questionnaire related to his activities during 2016, but he identified it as an outside business activity, not a private securities transaction. On that same questionnaire, Lamont denied participating in any private securities transactions. Lamont did not make any Woodbridge-related disclosures to the Firm in his 2015 or 2017

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

² In October 2018, Lamont entered into a Consent Order (the “Order”) with the State of California’s Department of Business Oversight (“CDBO”) whereby Lamont was ordered to “desist and refrain from the further offer or sale of securities, in the State of California, including, but not limited to lending agreements such as [Woodbridge First Position Commercial Mortgages], unless and until qualification has been made under said law or the security is exempt.” The Order was based on Lamont’s sale of unregistered securities and acting as an unregistered agent for Woodbridge in 2015 and 2016.

questionnaires. Whitehall-Parker's WSPs cautioned that "[t]he sale by registered representatives of investment products marketed as 'non-securities' could expose such representatives and the firm to a high degree of risk."

In December 2017, Woodbridge filed a voluntary Chapter 11 bankruptcy petition. On December 27, 2018, the United States District Court for the Southern District of Florida issued final judgments against, among others, Woodbridge and its former owner, Robert H. Shapiro. *SEC v. Shapiro*, Case No. 17-24624 (S.D. Fla.). Those judgments required Woodbridge and Shapiro to, among other things, disgorge their ill-gotten gains and also required Shapiro to pay a civil penalty.

By virtue of the foregoing, Lamont violated NASD Rule 3040 and FINRA Rules 3280 and 2010.

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

- A suspension from association with any FINRA member firm, in all capacities, for 18 months;
- A \$10,000 fine; and
- Disgorgement of commissions received, as described below.

Respondent agrees to pay the monetary sanctions 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.

Disgorgement of commissions received is ordered to be paid to FINRA in the amount of \$81,417, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from November 22, 2017 until the date this AWC is accepted by the National Adjudicatory Council (NAC).

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanctions 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 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.

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 actions 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.

10.1.19
Date


James M. Lamont, Respondent

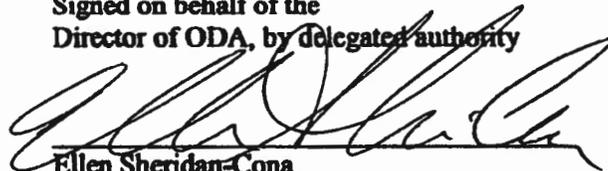
Reviewed by:


Lynne Bolduc, Esq.
Counsel for Respondent
Fitzgerald Yap Kreditor LLP
2 Park Plaza, Suite 850
Irvine, California 92614

Accepted by FINRA:

10/2/19
Date

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


Ellen Sheridan-Cona
Senior Counsel
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street
New York, New York 10281-1003
(646) 315-8455; fax: (301) 527-4976
ellen.sheridan-cona@finra.org