

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2017052715901**

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

RE: Harold F. Couglar, Respondent  
Registered Representative  
CRD No. 1193367

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**

Couglar entered the securities industry on September 2, 1983 when he became associated with Linsco/Private Ledger Corp. ("LPL"). While with LPL, he became registered as a General Securities Representative ("GSR") and as a General Securities Principal ("GSP"). Couglar voluntarily terminated his association with LPL on October 31, 2003. On June 29, 2005, Couglar became associated with CBIZ Financial Solutions, Inc. ("CBIZ") as a GSR and a GSP. Couglar voluntarily terminated his association with CBIZ on March 29, 2012.

On March 28, 2012, Couglar became associated with Montage Securities, LLC ("Montage" and, together with LPL and CBIZ, the "Employer Firms") as a GSR and a GSP. On January 3, 2017, Montage filed a Uniform Termination Notice for Securities Industry Registration reporting that Couglar had been discharged on December 13, 2016. Couglar has not been associated with a FINRA member firm since his termination from Montage.

Although Couglar is no longer registered or associated with a FINRA member firm, pursuant to Article V, Section 4 of FINRA's By-Laws, he remains subject to FINRA's jurisdiction.

## **RELEVANT DISCIPLINARY HISTORY**

Couglar has no disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

## **OVERVIEW**

From May 1996 through October 2003 and from June 2005 through December 2016 (the "Outside Account Period"), in violation of NASD Rule 3050(c) and, as applicable, NASD Rule 2110 and FINRA Rule 2010, Couglar effected orders for the purchase and sale of securities in 87 accounts at other broker-dealers (the "Outside Accounts") as to which he had discretionary authority without notifying: (1) the Employer Firms about the Outside Accounts and trading activity; and (2) the executing members at which the Outside Accounts were held of his association with the Employer Firms.

In violation of FINRA Rules 3270 and 2010, Couglar failed to notify Montage that he was engaged in tax preparation services for compensation, which was a business activity that was outside the scope of his relationship with that firm.

## **FACTS AND VIOLATIVE CONDUCT**

### **I. Failure to Disclose Outside Securities Accounts**

NASD Rule 3050(c) requires that "[a] person associated with a member, prior to opening an account or placing an initial order for the purchase or sale of securities with another member, shall notify both the employer member and the executing member, in writing, of his or her association with the other member; provided, however, that if the account was established prior to the association of the person with the employer member, the associated person shall notify both members in writing promptly after becoming so associated." Under NASD Rule 3050(e), the notification requirement applies to "an account or order in which an associated person has a financial interest or with respect to which such person has discretionary authority." NASD Rule 2110 (for conduct occurring prior to December 15, 2008) and FINRA Rule 2010 (for conduct occurring on or after December 15, 2008) require a member to observe the high standards of commercial honor and just and equitable principles of trade.

During the Outside Account Period, while associated with an Employer Firm, Couglar had discretionary authority over the Outside Accounts, which were 87 joint or individual accounts held by a total of 50 individuals at two other FINRA member firms. During that period, Couglar effected securities transactions in these accounts, including buy and sell orders for common stock and bonds.

During the time Couglar was associated with Montage, from March 28, 2012 through December 13, 2016, Couglar received \$102,956 in compensation from the individuals who owned the Outside Accounts. More than 2,800 trades with a total value of more than \$30 million were executed in the Outside Accounts during that same period. Couglar did not notify the Employer Firms about the Outside Accounts or the trades he effected in those accounts, in writing or otherwise. Nor did Couglar notify the two executing FINRA members of his association with the Employer Firms, in writing or otherwise.

On five occasions during the Outside Account Period, Couglar submitted compliance questionnaires to Montage in which he falsely stated that he did not have discretionary authority over any outside securities accounts belonging to non-family members.

By virtue of the foregoing, Couglar violated NASD Rules 3050(c) and 2110 (for conduct occurring prior to December 15, 2008), and FINRA Rule 2010 (for conduct occurring on or after December 15, 2008).

## **II. Failure to Disclose Outside Business Activities**

FINRA Rule 3270 states that “[n]o registered person may ... have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.”

From March 2012 through December 2016 (the “Outside Business Activity Period”), while associated with Montage, Couglar prepared tax returns for at least 18 individuals, who were not customers of Montage, without disclosing these activities to Montage, in writing or otherwise. Tax preparation services were not within the scope of Couglar’s duties at Montage. While associated with Montage, Couglar received \$27,255 in compensation from the individuals to whom he provided tax preparation services.

On five occasions during the Outside Business Activity Period, Couglar submitted compliance questionnaires to Montage in which he falsely stated that he had fully disclosed his outside business activities.

By virtue of the foregoing, Couglar violated FINRA Rules 3270 and 2010.

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

- a bar from association with any FINRA member in any capacity.

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 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.

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; that I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

5/15/2018  
Date (mm/dd/yyyy)

Harold F. Couglar  
Harold F. Couglar

Reviewed by:



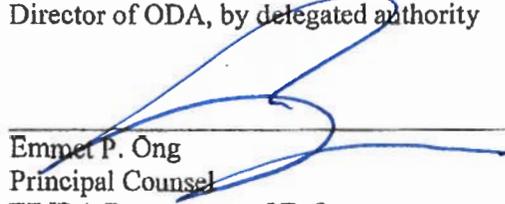
Sylvia M. Scott  
Counsel for Respondent  
Holmes, Taylor, Scott & Jones LLP  
The Oviatt Building  
617 South Olive Street, Suite 1200  
Los Angeles, California 90014  
Tel: (213) 212-4300

Accepted by FINRA:

5/21/18

Date

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



Emmet P. Ong  
Principal Counsel  
FINRA Department of Enforcement  
Brookfield Place  
200 Liberty Street  
New York, NY 10281-1003  
Tel: (646) 315-7423; Fax: (301) 527-4977