

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017053237601**

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

RE: Adam K. Veron, Respondent
Former Registered Representative
CRD No. 4508315

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

Adam K. Veron (“Veron”) first entered the securities industry in March 2002 when he associated with a FINRA member firm. He obtained his Series 6 license in June 2002, his Series 63 license in September 2002, his Series 65 license in February 2003, and his Series 7 license in November 2006. From September 2013 to February 2017, Veron was registered with Questar Capital Corporation (“Questar” or “the Firm”). Questar terminated Veron’s registration on February 9, 2017 for his involvement in the activities away from the Firm described herein.

Although Veron 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.

OVERVIEW

From July 2015 to December 2016, while registered with Questar, Veron participated in private securities transactions without first providing notice to his

employer member firm and in violation of the Firm's written supervisory procedures. Veron's conduct violated NASD Rule 3040¹ and FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280 and its predecessor, NASD Rule 3040, prohibit registered representatives from participating "in any manner in a private securities transaction," without first providing written notice to the registered representative's firm. Both FINRA Rule 3280 and NASD Rule 3040 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]." A violation of FINRA Rule 3280 or NASD Rule 3040 is also a violation 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.

In July 2015, Veron formed Contract Funding and Corporate Management, LLC ("CFCM") and served as its President. CFCM provides a line of credit to Company A, which uses the funds to fulfill its federal procurement contracts and, in turn, passes on a portion of its profits to CFCM. Shortly after forming CFCM, Veron began selling shares in CFCM, including approximately \$1.74 million worth of shares to nine Firm customers and another \$50,000 worth of shares to one non-customer. Veron participated in the customers' and non-customer's investments in CFCM by soliciting the customers' and non-customer's investments, hiring legal counsel to draft the Subscription Agreement and Private Offering Memorandum ("the Offering Documents"), accepting investments by check and depositing those checks into a bank account that he controlled, providing the customers and non-customer with the Offering Documents, distributing profits from CFCM, managing CFCM's relationship with Company A, and deciding who could invest in CFCM and how much they could invest. Veron has since repaid two investors the amount of their investment plus interest.

Questar's written supervisory procedures required its registered representatives to provide written notice to the Firm and obtain the Firm's approval prior to participating in any private securities transactions. However, the Firm prohibited registered representatives from engaging in a private securities transaction that involved seeking investors to invest in the registered representative's own private company. Veron did not provide written notice to, or obtain Questar's approval for, the nearly \$1.8 million worth of investments from July 2015 to December 2016. Also, in 2015 and 2016, in response to the Firm's annual compliance attestations, Veron provided false answers regarding his participation in private securities transactions and outside business activities.

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.

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

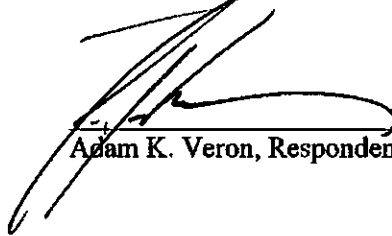
OTHER MATTERS

I understand that:

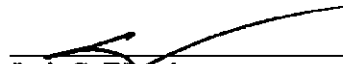
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

8/18/2017
Date (mm/dd/yyyy)


Adam K. Veron, Respondent


Reviewed by:


Jack G. Wheeler
Counsel for Respondent
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4350 Nelson Road
Lake Charles, Louisiana 70605
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Accepted by FINRA:

8/22/2017
Date

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


Jessica Zetwick-Skryzhynskyy
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