

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2020068909301**

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

RE: Kenric L. Sexton (Respondent)  
Former General Securities Representative  
CRD No. 6362195

Pursuant to FINRA Rule 9216, Respondent Kenric L. Sexton 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 in this AWC.

**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**

From August 20, 2014 through December 10, 2020, Sexton was registered as a General Securities Representative through an association with Wells Fargo Clearing Services, LLC (CRD No. 19616). On December 10, 2020, Wells Fargo filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that it had discharged Sexton for “appl[ying] for business support from the Small Business Administration when [he] did not have a pre-existing formal business as required.”

Sexton is not currently registered or associated with any FINRA member firm. However, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.<sup>1</sup>

**OVERVIEW**

In June 2020, Sexton made negligent misrepresentations in an application to the Small Business Administration (SBA) seeking an Economic Injury Disaster Loan. Sexton thereby violated FINRA Rule 2010.

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<sup>1</sup> For more information about the Respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's investigation concerning the Form U5 filed by Wells Fargo.

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." Making a negligent misrepresentation of material fact in connection with business-related activities is a violation of FINRA Rule 2010, which encompasses any unethical, business-related misconduct, regardless of whether it involves a security.

In 2020, as a result of the COVID-19 pandemic, the federal government initiated several programs to assist small businesses, including the Economic Injury Disaster Loan program, which was administered by the SBA. Sexton did not read the Economic Injury Disaster Loan program requirements carefully before applying for a loan and, in June 2020, submitted an application to the SBA seeking such a loan. Sexton, then a registered representative of Wells Fargo with no disclosed outside business activities, did not operate any business eligible for a small business loan from the SBA. Instead, Sexton was seeking an Economic Injury Disaster Loan to fund his self-directed online trading account. In his application to the SBA, Sexton negligently misrepresented that he operated his self-directed online trading account as a sole proprietorship. Based on Sexton's negligent misrepresentations in the loan application, the SBA granted him a \$1,000 advance on an Economic Injury Disaster Loan; but, in July 2020, the SBA denied Sexton's loan application.

Therefore, Sexton violated FINRA Rule 2010.

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

- a one-month suspension from associating with any FINRA member in all capacities; and
- a \$2,500 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, 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 in this AWC shall be effective on a date set by FINRA.

## **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 its acceptance or rejection.

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 its subject matter 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 testimonial obligations or 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.

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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

June 30, 2021

Date

*Kenric L. Sexton*

Kenric L. Sexton  
Respondent

Accepted by FINRA:

July 21, 2021

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Date

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

*Myla G. Arumugam*

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Myla G. Arumugam  
Counsel  
FINRA  
Department of Enforcement  
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