

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010024522104**

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

**RE: Geoffrey Marc Byruch, Respondent
CRD No. 3220744**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Geoffrey Marc Byruch ("Byruch" or the "Respondent"), 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

Byruch first became registered with FINRA as a General Securities Representative ("GSR") through an association with a former member firm on May 11, 1999. Byruch was registered through that firm until February 23, 2000.

During the period from April 2000 until March 2009, Byruch was registered as a GSR through five different member firms. During that period, Byruch also became registered as an Equity Trader ("ET") (beginning July 6, 2002) and as a General Securities Principal ("GSP") (beginning July 4, 2005).

In February, 2009, Byruch joined former member firm HFP Capital Markets, LLC (BD No. 44351) ("HFP" or the "Firm") as a GSP, GSR and ET. Thereafter, Byruch became registered through HFP in the following additional capacities: as an Investment Banking Representative (beginning March 25, 2010) and as an Options Supervisor (beginning September 19, 2012). In June 2011, Byruch became the President of HFP. Byruch's registrations through HFP were terminated on May 6, 2014.

Byruch remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Byruch has no prior disciplinary history with the SEC, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

Between December 2009 and February 2011, registered representatives at HFP sold \$3 million worth of certain Senior Secured Zero Coupon Notes for an entity known as Metals Milling and Mining, LLC ("MMM") to 59 customers. The MMM notes were part of a fraudulent sale of securities. During that time period, Byruch was an owner of HFP's parent company, a senior officer of HFP, and a member the HFP Investment Committee. The Investment Committee was charged with reviewing and approving all investment banking transactions. Byruch was in a position at the firm to require that reasonable due diligence was conducted and to ensure that the sales of the private offering were in compliance with FINRA and federal securities law. Instead, Byruch failed to reasonably discharge his supervisory responsibilities in connection with the MMM Offering, in violation of NASD Conduct Rule 3010 and FINRA Rule 2010.

In addition, from at least 2012 to July 2013, after becoming HFP's president and a co-owner of its parent company, Byruch caused HFP to pay more than \$193,000 of Byruch's own personal expenses and the personal expenses of another employee of the Firm and to inaccurately record those payments as business expenses of the Firm in HFP's books and records. By virtue of this conduct, Byruch caused the Firm to act in violation of Section 17(a) of the Exchange Act of 1934 (the "Exchange Act") and Rules 17a-3 and 17a-5 thereunder, and violated NASD Rule 3010 and FINRA Rules 4511 and 2010.

Further, Byruch failed to timely amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose unsatisfied federal and state tax liens amounting to \$1.875 million. As a result, Byruch violated Article V, Section 2 of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Byruch Failed to Supervise HFP's Sales of the MMM Notes

HFP offered and sold approximately \$3 million of MMM Senior Secured Zero Coupon Notes to 59 customers during the period from December 2009 to February 2011. In addition to selling the Notes, HFP was the investment banker for the deal. The issuer, MMM, was created with the purported purpose of extracting precious metals from "ore concentrate," which are leftover materials or

"tailings" from mining operations, through a process referred to as "plasmafication." The investment promised a return of 100 percent within 12 months. However, MMM defaulted on the notes and investors have not been repaid.

In offering and selling the MMM notes, HFP and certain of its registered representatives misrepresented and omitted material facts to investors, including the fact that the MMM notes were collateralized by certain barrels of ore concentrate when in fact there was no collateral for the notes. HFP also failed to disclose how proceeds from the offering were to be used and failed to disclose the true ownership structure of MMM.

At the time of HFP's sales of MMM Notes, Byruch was one of the owners of HFP's parent company, Hudson Financial Partners, LLC ("Hudson Financial Partners"). Byruch also was a senior officer of the Firm and a Managing Partner. According to HFP's Form BD, Byruch was a control person at the Firm at all times relevant to the MMM transactions. In addition, Byruch was a member of HFP's Investment Committee, which was charged with reviewing and approving the Firm's involvement in investment banking engagements, of which MMM was one.

Byruch failed to reasonably supervise HFP's sales of MMM notes. Byruch was aware of the substantial "red flags" surrounding the transaction. Specifically, MMM's proposed business plan of extracting precious metal from concentrated ore was dubious and there were questions about, among other things, the viability of the technology to be utilized by MMM and the background of the individuals involved.

In October 2009, Byruch participated in a meeting of members of the Investment Committee authorizing HFP investment bankers to spend approximately \$10,000 for due diligence relating to MMM, including a due diligence trip to meet RG, the person who first introduced MMM to the firm. Byruch learned that those due diligence trips raised substantial questions about the viability of the proposed transaction and individuals involved with the issuer. Further, HFP's Written Supervisory Procedures required the HFP Investment Committee to approve the Firm's involvement in investment banking transactions prior to proceeding with the deal. By December 2009, Byruch knew that the Firm had moved forward with the investment banking deal on MMM and was selling MMM Notes to the public. Despite his concerns, Byruch failed to stop the sales.

After learning that the Firm was selling MMM Notes, Byruch failed to take reasonable steps in response. He did not halt HFP's sales of the MMM Notes or ensure that the transaction was presented to and approved by HFP's Investment Committee. In addition, he did not take reasonable steps to ensure that HFP had undertaken adequate due diligence prior to proceeding with sales. Despite his

own concerns about MMM, Byruch received \$25,000 from HFP's sales of MMM notes, due to his role in the broker-dealer.

By reason of the foregoing, Byruch violated NASD Conduct Rule 3010 and FINRA Rule 2010.

Byruch Caused the Creation and Maintenance of Inaccurate Books and Records

Byruch Permitted HFP to Pay his Personal Expenses and those of Another Registered Representative Without Properly Recording the Expenses

In June 2011, Byruch became HFP's Chief Executive Officer. In this capacity, from January 2012 to July 2013, Byruch permitted HFP to pay for at least \$93,837.65 of his own personal expenses. The personal expenses included, among others: more than two dozen New York City parking violation tickets with fines totaling \$3,654.97; airline tickets for Byruch and companions to multiple locations, including Paris, France, San Juan, Puerto Rico, New Orleans, Louisiana, Fort Lauderdale, Florida, and Orlando, Florida; hotel expenses in several of these locations; \$3,780 in tickets for Walt Disney World VIP tour services; and \$17,055 in tickets for numerous sporting events.

Byruch also permitted HFP to pay at least \$100,018.25 in personal expenses for another HFP registered representative, during the same time period. These personal expenses included the following items: 66 New York City parking violation tickets with fines in the amount of \$11,825.12; maid services; airline tickets for nine people for an apparent family trip to Orlando, Florida; additional expenses at Walt Disney World; hotel expenses in multiple locations; charges of \$1,075 at an apparel store; \$3,750 in expenses associated with attending a concert; more than \$4,649 in charges at an amusement park; and \$1,930 in charges from tickets to two circus events.

As President of the Firm, Byruch was in a position to ensure that the above personal expenses were accurately booked on the Firm's financial books and records. Byruch failed to do so.

HFP's records relating to these expenses were not accurate

Instead, HFP booked these amounts as being legitimate business expenses of the Firm, rather than personal expenses, causing the following records to be inaccurate: the Firm's General Ledger and Income Statements for 2012 through July 2013; its FOCUS Reports from 2012 through July 2013; and its Annual Audit Report for at 2012 and 2013.

Pursuant to SEC Rule 17a-3, member firms must make and keep, among other things: ledgers (or other records) reflecting all assets and liabilities, income and

expense and capital accounts. SEC Rule 17a-5 requires, among other things, that firms make and file periodic FOCUS Reports and Annual Audit Reports.

FINRA Rule 4511(a) requires that "[m]embers shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules."

Byruch caused HFP to: (i) maintain inaccurate financial books and records in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, and to (ii) make and file inaccurate FOCUS Reports and Annual Audit Reports in violation of Section 17a of the Exchange Act and Rule 17a-5 thereunder. Byruch thus violated FINRA Rules 4511 and 2010.

Byruch's failure to supervise HFP's expense reporting process

HFP lacked an adequate system for supervisory review and approval of expense reporting during the period from January 1, 2012 through July 2013. For example, there was no review of the expenses charged by Byruch by anyone other than Byruch. Byruch, as Chief Executive Officer of HFP, failed to establish and maintain a supervisory system, including written supervisory policies and procedures, reasonably designed to achieve compliance with applicable federal securities laws and FINRA and NASD Rules in connection with the Firm's financial recordkeeping.

By reason of the foregoing, Byruch violated NASD Conduct Rule 3010 and FINRA Rule 2010.

Byruch Failed to Disclose Tax Liens

Article V, Section 2(c) of FINRA's By-Laws provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments which must be filed within thirty days after learning of the facts or circumstances giving rise to the amendment.

FINRA Rule 1122 provides that: "[N]o member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

Disclosure Question 14M of the Form U4 states: "Do you have any unsatisfied judgments or liens against you?"

By at least June 30, 2013, Byruch had notice of a New York State tax lien for unpaid taxes totaling \$345,829.86. Byruch was required to update his Form U4 to

report the lien by July 30, 2013, 30 days after he received notice. Byruch did not update his Form U4 to report the lien until November 19, 2013.

By at least July 30, 2013, Byruch had notice of a federal tax lien that the Internal Revenue Service (the "IRS") filed against him for unpaid taxes totaling \$519,203.46. Byruch was required to update his Form U4 to report the lien by no later than August 29, 2013, 30 days after he received notice. Byruch did not update his Form U4 to report the lien until January 6, 2014.

By at least July 30, 2013, Byruch had notice that the IRS filed an additional federal tax lien against him for unpaid taxes totaling \$1,026,440.47. Again, Byruch failed to update his Form U4 within 30 days of receiving notice of the lien. Byruch did not update his Form U4 to report the lien until January 6, 2014.

By reason of the foregoing, Byruch failed to timely amend his Form U4 to disclose unsatisfied liens, in violation of Article V, Section 2 of FINRA's By-Laws, and in violation of FINRA Rules 1122 and 2010.

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

- a suspension in all capacities for a period of two years;
- a fine of \$25,000; and
- an order of disgorgement to FINRA of \$25,000 received in connection with the MMM notes offering that is the subject of this AWC, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from June 14, 2010, until the date of payment.

The monetary sanctions shall be due and payable either immediately upon reassociation with a member firm following the two year suspension noted above, 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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.

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

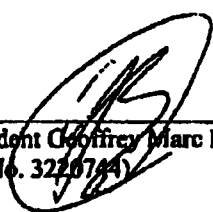
I understand that:

- 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:**

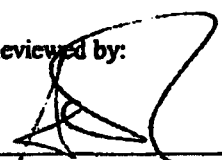
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 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.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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.

5-27-2014
Date (mm/dd/yyyy)


Respondent Geoffrey Marc Byruch
(CRD No. 3226744)

Reviewed by:

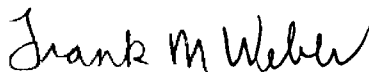

Alan M. Wolper, Esq.
Counsel for Respondent

Accepted by FINRA:

June 25, 2014

Date

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



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