

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012031742301**

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

RE: Gary J. Chackman (CRD No. 1705039),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Gary J. Chackman ("Respondent" or "Chackman"), 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

Chackman first became registered with FINRA in May 1990, as an Investment Company and Variable Contracts Products Representative (IR), through an association with a member firm. From December 14, 2001 through March 13, 2012, Chackman was registered as an IR and as a General Securities Representative (GS), and after March 15, 2002, additionally as a General Securities Principal (GP), through member firm LPL Financial, Inc. (BD No. 6413) ("LPL" or the "Firm").

On March 13, 2012, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Chackman was terminated for violating firm policies and procedures regarding the sale of alternative investments. The Form U5 indicated that Chackman's last date of employment at the Firm was February 23, 2012.

From March 2, 2012 through April 3, 2013, Chackman was registered as an IR,

GS, and GP through another member firm. Chackman is not currently associated with a member firm. However, pursuant to Article V, Section 4 of the By-Laws, FINRA retains jurisdiction over him.

RELEVANT DISCIPLINARY HISTORY

Chackman does not have any relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

OVERVIEW

Chackman recommended and effected unsuitable transactions in the accounts of at least eight LPL customers, by over-concentrating his customers' assets in real estate investment trusts ("REITs") and other illiquid securities. Additionally, Chackman falsified LPL documents to evade the Firm's supervision, and caused the Firm's books and records to be inaccurate, by submitting dozens of "alternative investment purchase" forms that misrepresented his customers' purported liquid net worth. By submitting falsified documents, Chackman was able to increase his customers' accounts' concentration in REITs and other alternative investments beyond the allocation limits established by the Firm. Through this misconduct, Chackman violated NASD Conduct Rules 2310, 3110, and IM-2310-2, and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

From July 2009 to February 2012, Chackman recommended REITs and other alternative investments to at least eight of his LPL customers (FM; MS; SS; RW; RK; EG; JG; and RR). The investments were purchased at periodic intervals in each of their accounts. For example, customer FM made seven purchases of a particular REIT, each for \$75,000, over six months, and customer SS made seven purchases of the same REIT, totaling \$135,000, over seven months. After twelve months, 35% of the assets that FM entrusted to Chackman, and more than 25% of her liquid net worth, as stated on LPL account documentation when she first purchased alternative investments, were invested in REITs and other alternative investments. After twenty-two months, SS had more than 33% of his liquid net worth, as stated on LPL account documentation when he opened his accounts, invested in REITs and other alternative investments.

To evade LPL's limitation on the concentration of alternative investments in customers' accounts, Chackman regularly misidentified his customers' purported liquid net worth on a required LPL form, the alternative investment purchase form. For example, over sixteen months, and on seventeen alternative investment

purchase forms that he submitted to the Firm, Chackman tripled FM's purported liquid net worth.

As a result of Chackman's misrepresentations on those forms, his customers' concentration in alternative investments, gauged as a percentage of their purported liquid net worth, remained below LPL's limitations. By falsifying the alternative investment purchase forms, Chackman increased his sales of alternative investments, but his unsuitable recommendations over-concentrated his customers' assets in illiquid alternative investments. Moreover, by misrepresenting his customers' purported liquid net worth on the alternative investment purchase forms, Chackman evaded the Firm's supervision, and caused the Firm's books and records to be inaccurate.

By recommending unsuitable transactions, Chackman violated NASD Conduct Rules 2310 and IM-2310-2 and FINRA Rule 2010. By falsifying documents and causing the Firm's books and records to be inaccurate, Chackman violated NASD Conduct Rule 3110 and FINRA Rule 2010.

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

- a bar from associating with any FINRA member firm in any and all capacities.

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 sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), 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 General Counsel, 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;

Nov 22 13 02:38p

Gary Checkman

2163612611

p.2

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.

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.

11/22/2013
Date (mm/dd/yyyy)

Gary J. Checkman
Gary J. Checkman

Reviewed by:

John H. West III, Esq.
John H. West III, Esq.
Counsel for Respondent
West & Gaarder, LLC
409 Washington Avenue
Suite 1010
Baltimore, Maryland 21204
Phone: (410) 296-4655

Accepted by FINRA:

12/12/2013
Date

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

Stuart P. Feldman /SF

Stuart P. Feldman
Senior Regional Counsel
FINRA Department of Enforcement
99 High Street, Suite 900
Boston, MA 02110
Ph: (617) 532-3426
Fax: (202) 721-8398