

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012032374601**

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

RE: Geneos Wealth Management, Inc., Respondent
CRD No. 120894

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Geneos Wealth Management ("Respondent") 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 herein.

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

Respondent became a member of FINRA in June 2002. Respondent is based in Centennial, Colorado and conducts a general securities business. Respondent employs approximately 383 registered persons who operate out of 187 branch offices.

RELEVANT DISCIPLINARY HISTORY

Respondent has no relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 3040 provides that any person associated with a FINRA member firm who participates in private securities transactions must, prior to participating in the transaction, provide written notice to the FINRA member firm with which he or she is associated. The notice must describe the proposed transaction, the associated person's role, and indicate whether the associated person will or may receive selling compensation. Where the associated person

will or may receive selling compensation, the FINRA member firm that has approved the transaction must record the transaction in its books and records and must supervise the participation in the transaction.

Rule 3040 applies to the securities activities of individuals who are both registered with a FINRA member firm and registered as an investment adviser ("RR/IA"). See, Notice to Members ("NtM") 94-44, issued by FINRA in May 1994.¹ FINRA indicated in NtM 94-44 that when an RR/IA, in the context of its advisory relationship, participates in the execution of securities transactions away from the FINRA member firm with which he or she is currently registered and receives compensation for those services, such activities are subject to the Rule 3040 requirements.

Once a FINRA member firm authorizes a RR/IA to engage in outside investment advisory activities that constitute private securities transactions for which he or she will or may receive selling compensation, the firm, pursuant to Rule 3040, "must develop and maintain a recordkeeping system that, among other things, captures the transactions executed by the RR/IA in its books and records and facilitates supervision over that activity." FINRA NtM 96-33. FINRA further advised firms in NtM 96-33 that: "Recordkeeping systems that simply record all transactions will not result in adequate supervision... Rather, the records created and recordkeeping system used, together with relevant supervisory procedures, must enable the member to properly supervise the RR/IA by aiding the member's understanding of the nature of the services provided by an RR/IA, the scope of the RR/IA's authority, and the suitability of the transactions."

During the period of January 2007 through March 2009, representatives located at Respondent's Draper, Utah branch office participated in the execution of securities transactions, namely investments in the form of limited partnership interests, as part of their disclosed outside advisory activities. The representatives' participation included, but was not limited to, meeting with and recommending the underlying securities to customers, providing customers with copies of the private placement memorandum and related paperwork, assisting customers with completing the investment paperwork, accepting the completed paperwork and investment funds, and receiving compensation. Respondent failed to supervise these transactions and record them on the firm's books and records.

As a result of the foregoing conduct, Respondent violated NASD Conduct Rule 3040, NASD Conduct Rule 2110 (for conduct occurring prior to December 15, 2008), and FINRA Rule 2010 (for conduct occurring after December 14, 2008).

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

A censure and a \$12,500 fine.

¹ At the time, Rule 3040 was known as Article III, Section 40.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 it;
- 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 acceptance or rejection of this AWC.

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

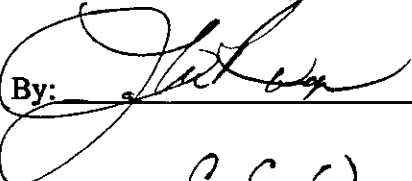
Respondent understands that:

- 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 it;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 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. 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: (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. 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 or its staff.

The undersigned, on behalf of the Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has 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 Respondent to submit it.

10/13/2015
Date (mm/dd/yyyy)

Geneos Wealth Management, Inc.

By: 

Title: CCO

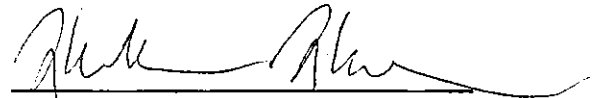
Reviewed by:


Thomas D. Birge, Esq.
Birge & Minckley, P.C.
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(303) 860-7100

Accepted by FINRA:

10/30/2015
Date

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


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