

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033040801**

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

RE: Donovan Morgan Lazar, Respondent
Former General Securities Representative
CRD No. 2196115

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

Donovan Morgan Lazar ("Lazar") entered the securities industry in July 1991 as a registered broker trainee with a FINRA member firm. From February 1992 to June 2004, Lazar held various registered and non-registered positions with FINRA member firms, worked outside of the securities industry, or was unemployed. From June 7, 2004 to October 6, 2008, Lazar was registered with Royal Alliance Associates ("RAA"). From October 6, 2008 to November 2011, Lazar was either unemployed or employed outside of the securities industry. From November 2011 to November 2012, Lazar was registered with Portfolio Advisors Associates ("PAA"). Although Lazar is not currently employed in the securities industry, pursuant to Article V, Section 4(a) of the FINRA By-Laws, FINRA retains jurisdiction over him until at least November 12, 2014.

RELEVANT DISCIPLINARY HISTORY

Lazar has no prior disciplinary history in the securities industry.

OVERVIEW

Between November 2004 and January 2012, while registered with RAA and PAA, Lazar willfully failed to disclose on his Uniform Application for Securities Industry Registration or Transfer ("Form U4") four tax liens. By willfully failing to disclose these tax liens, Lazar violated Article V, Section 2 of the NASD and FINRA By-Laws, NASD Rule 2110, NASD IM-1000-1, and FINRA Rules 1122 and 2010.¹

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2 of the NASD By-Laws and FINRA By-Laws requires that a person applying for registration with FINRA disclose certain information, including whether he has an unsatisfied judgment or lien. At all times, the applicant is required to keep his application current by filing amendments within 30 days of learning of facts that are required to be disclosed.

NASD IM-1000-1 requires registered representatives to fully and accurately disclose information required in the Form U4. FINRA Rule 1122 likewise forbids individuals from filing incomplete or inaccurate registration information.

NASD Conduct Rule 2110 and FINRA Conduct Rule 2010 provide that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

The failure to disclose all information required by the Form U4, including unsatisfied liens, constitutes a violation of NASD Rule 2110, NASD IM-1001-1, FINRA Rules 2010 and 1122 and Article V, Section 2 of the NASD and FINRA By-Laws.

While Lazar was registered with RAA, the Internal Revenue Service ("IRS") filed two liens against him, which he failed to disclose on his Form U4. The IRS filed a lien against Lazar on November 15, 2004, in the amount of \$32,865 ("Lien 1") and another lien against him in the amount of \$11,869 on May 31, 2006 ("Lien 2"). On November 27, 2006, the IRS released Lien 2. Lien 1 has not been satisfied or released. Lazar knew that he was required to disclose any unsatisfied liens on his Form U4 within thirty days of becoming aware of them. Although Lazar was aware of Liens 1 and 2 at or near the time they were filed, and knew that he was required to disclose them, he did not amend his Form U4 to disclose those Liens at any time during his employment at RAA.

¹ On July 30, 2007, Article V, Section 2 of the NASD By-Laws became Article V, Section 2 of the FINRA By-Laws. FINRA Rule 1122 replaced NASD IM-1000-1 as of August 17, 2009. FINRA Rule 2010 replaced NASD Rule 2110, as of December 15, 2008.

In addition, Lazar failed to disclose two outstanding tax liens on the Form U4 he filed on November 8, 2011, when he became registered with PAA. Although Lien 1 was outstanding on November 8, 2011, Lazar failed to disclose it on his Form U4.¹ On September 7, 2011, the IRS filed a lien against Lazar in the amount of \$26,490 ("Lien 3"). Lien 3 has never been satisfied or released. Although Lazar was aware of Lien 3 at or near the time it was filed, and knew that he was required to disclose it on his Form U4, he did not do so. On the Form U4, Lazar falsely answered "[n]o" to Question 14M, which stated "[d]o you have any unsatisfied liens or judgments against you?"

Lazar also failed to amend his Form U4 to disclose a tax lien that the State of California filed against him during his employment with PAA. On January 18, 2012, California filed a tax lien against Lazar in the amount of \$4,474 ("Lien 4"). Lien 4 has never been satisfied or released. Although Lazar was aware of Lien 4 at the time it was filed, and knew that he was required to disclose that Lien on his Form U4, he did not amend his Form U4 to disclose it at any time during his employment at RAA.

Lazar amended his Form U4 on six occasions after the filing of Liens 1, 3 and 4, but did not disclose them on any of those Form U4 amendments.

By willfully failing to disclose the four unsatisfied tax liens, Lazar violated Article V, Section 2 of the NASD and FINRA By-Laws, NASD Rule 2110, NASD IM-1000-1, and FINRA Rules 1122 and 2010

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

- A three-month suspension from associating with any FINRA member firm in any capacity; and
- A \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the three-month 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

¹ Lazar was not required to disclose Lien 2 on the PAA Form U4 because it was released prior to November 8, 2011

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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

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 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;
 - 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.

Date

6/3/13

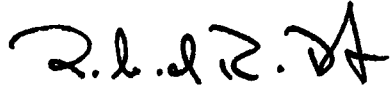

Donovan Morgan Lazar
Respondent
Pro Se

Accepted by FINRA:

Date

6.19.13

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


Richard R. Best
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