

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013034965201**

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

**RE: Bruce A. Lefavi Securities, Inc., Respondent
CRD No. 10684**

**Bruce A. Lefavi, Respondent
CRD No. 1064893**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondents Bruce A. Lefavi Securities, Inc. ("BLS") and Bruce A. Lefavi ("Lefavi") (collectively, "Respondents") 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

BLS, a FINRA member firm since August 1982, conducts a general securities business. BLS has 15 registered representatives and operates out of its main office in Salt Lake City, Utah. Lefavi is the President and majority owner of BLS. He has been associated with BLS since the firm's inception, where he is ~~registered as a general securities representative, a general securities principal, an~~ options principal, a municipal securities representative, a municipal securities principal, and a financial and operations principal.

RELEVANT DISCIPLINARY HISTORY

The Respondents have no prior relevant disciplinary history.

OVERVIEW

This matter involves violations of NASD/FINRA Rule 2210 and FINRA Rule 2010 relating to advertisements and sales literature utilized by BLS during the period January 2010 through April 2013, as well as violations of FINRA Rule 2010, through violation of Section 5 of the Securities Act of 1933.

Advertisements/sales literature that failed to comport with the requirements of Rule 2210 included, but were not limited to: a syndicated radio show put on by Lefavi, "Bulletproof Your Financial Future;" the website, lefavi.com; Lefavi's book, "Bulletproof Retirement;" client handouts and letters; billboards; and Lefavi's Facebook page. In general, the communications utilized by BLS failed to provide a sound basis for evaluating the investments being discussed, omitted material information and contained exaggerated, unwarranted and/or misleading claims. At all relevant times, Lefavi conducted and was responsible for the content and supervision of the radio shows. During one of these shows, Lefavi made a general solicitation for the purchase of unregistered equity units/interests in a self-storage offering ("Offering").

FACTS AND VIOLATIVE CONDUCT

Violations of NASD/FINRA Rule 2210 and FINRA Rule 2010

FINRA's Advertising Regulation Department ("Department") reviewed the below identified non-compliant communications.

- Radio broadcasts that aired on the following dates: December 11, 2010, February 4, 2012, March 3, 2012, April 7, 2012, April 14, 2012, April 21, 2012, May 19, 2012, June 9, 2012, August 4, 2012, October 6, 2012, November 3, 2012, January 26, 2013, February 2, 2013, February 9, 2013, April 6, 2013, and April 13, 2013.

Per the lefavi.com website, "Bulletproof Your Financial Future" was "a nationally syndicated two-hour call-in show focusing on Bruce Lefavi's philosophy of 'bulletproofing[.]'"¹ The radio shows were recorded on Friday and aired on Saturday. The firm's website, however, identified the shows as being broadcast live, i.e., "Bulletproof Your Financial Future is broadcast live every Saturday from 1:00 to 3:00 p.m. MST." Once the radio shows were aired, they were posted on the firm's website and played when individuals called into the office and were placed on hold. The radio shows, some of which included guest speakers, discussed specific

¹ See <http://lefavi.com/media/radio>.

securities offered through BLS, such as non-traded REITs, private placements, mutual funds, stocks and bonds. The shows typically included statements that invited listeners to "call in" with any investment type questions. The shows then included comments and questions from individuals who were identified as calling into the show from various cities. These callers were often employees of BLS or third parties, some of whom were paid to call in.

During the period of January 2010 through April 2013, Lefavi hosted and was solely responsible for the radio shows.

NASD/FINRA Rule 2210 violations related to the radio shows are as follows:

1. Failure to Obtain Principal Approval

The pre-recorded radio shows constitute advertisements in accordance with NASD Rule 2210(a) and retail communications in accordance with FINRA Rule 2210(a). During the period March 15, 2010 through March 27, 2013, the radio shows were not approved by a registered principal prior to broadcast in violation of NASD Rule 2210(b), for conduct occurring prior to February 4, 2013, and FINRA Rule 2210(b), for conduct occurring after February 3, 2013. Similarly, during this March 15, 2010 through March 27, 2013 period, a registered principal did not approve the radio shows prior to posting them to the firm's website in further violation of NASD Rule 2210(b), for conduct occurring prior to February 4, 2013, and FINRA Rule 2210(b), for conduct occurring after February 3, 2013.

2. Failure to File Certain Shows with the Department

NASD Rule 2210(c)(2) requires that, within 10 business days of first use or publication, firms must file advertisements and sales literature concerning mutual funds and other registered investment companies with the Department. The following radio shows: February 4, 2012, March 3, 2012, April 14, 2012, April 21, 2012, June 9, 2012, August 4, 2012 and November 3, 2012 concerning mutual funds were not filed with the Department, in violation of the Rule. FINRA Rule 2210(c) contains substantially the same requirement for retail communications concerning registered investment companies, and as such, the radio show dated April 6, 2013 should have been filed.

3. Failure to Prominently Disclose Member Name

NASD Rule 2210(d)(2)(C) requires that all advertisements must prominently disclose the member name. The April 14, 2012, April 21, 2012, May 19, 2012, June 9, 2012, August 4, 2012, October 6, 2012, November 3, 2012, November 26, 2012, January 26, 2013, and February 2, 2013 radio shows failed to prominently disclose the member name in violation of the Rule.

Similarly, FINRA Rule 2210(d)(3) requires that all retail communications must prominently disclose the member name. Neither the February 9, 2013 nor the April 6, 2013 radio shows adhered to this requirement.

4. Exaggerated, Misleading, Promissory and/or Unwarranted Statements and Claims/Omission of Material Information

NASD/FINRA Rule 2210(d)(1)(A) requires that member communications:

be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.

NASD/FINRA Rule 2210(d)(1)(B) provides:

No member may make any false, exaggerated, unwarranted [promissory]¹ or misleading statement or claim in any communication with the public. No member may publish, circulate or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

All of the radio shows reviewed by the Department contained exaggerated, misleading, promissory and/or unwarranted statements in violation of NASD Rule 2210(d)(1)(B), for statements made prior to February 4, 2013, and FINRA Rule 2210(d)(1)(B), for statements made after February 3, 2013.

¹ FINRA Rule 2210(d)(1)(B) contains the word "promissory;" NASD Rule 2210(d)(1)(B) does not.

The radio shows from December 11, 2010, February 4, 2012, March 3, 2012, April 7, 2012, May 12, 2010, June 9, 2012, August 4, 2012, November 3, 2012, and April 13, 2013 contained detailed discussions of the benefits of investing through REITs, private placements, or other recommended strategies. These radio shows, however, failed to provide any discussion of the associated risks, limitations, or costs of the products or strategies in violation of NASD Rule 2210(d)(1)(A), for conduct occurring prior to February 4, 2013, and FINRA Rule 2210(d)(1)(A) for conduct occurring after February 4, 2013.

Additionally, the presentation of callers during the shows created the misimpression that the calls were spontaneous utterances of independent third parties, when in fact, many were staged. As such, that conduct was misleading in violation of NASD Rules 2210(d)(1)(A) and 2210(d)(1)(B), for conduct occurring prior to February 4, 2013, and FINRA Rules 2210(d)(1)(A) and 2210(d)(1)(B), for conduct occurring after February 3, 2013. Moreover, the fact that the shows were billed as "live" when they were prerecorded is also misleading in violation of NASD Rules 2210(d)(1)(A) and 2210(d)(1)(B), for conduct occurring prior to February 4, 2013, and FINRA Rules 2210(d)(1)(A) and 2210(d)(1)(B), for conduct occurring after February 3, 2013.

5. Incomplete and Misleading Comparisons

NASD Rule 2210(d)(2)(B)/FINRA Rule 2201(d)(2) provides:

Any comparison in advertisements or sales literature [retail communications] between investments or services must disclose all material differences between them, including (as applicable) investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

Several radio shows included incomplete comparisons, as all material differences between investment options were not disclosed in violation of NASD Rule 2210(d)(2)(B), for conduct occurring prior to February 4, 2013, and FINRA Rule 2210(d)(2), for conduct occurring after February 3, 2013. For example, the radio shows compared REITs to bonds and CDs primarily on the basis of dividends without disclosing differences in guarantees, investment objectives, expenses, liquidity, and tax features.

6. Improper Performance Projections

NASD Rule 2210(d)(1)(D) provides, in relevant part, as follows:

Communications with the public may not predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.

Radio shows from March 3, 2012, May 19, 2012, June 9, 2012, and January 26, 2013 failed to comport with this requirement

7. SEC Rule 482 Violations

The March 3, 2012, April 14, 2012, April 21, 2012, June 9, 2012, and August 4, 2012 radio shows provided performance information about specific mutual funds and therefore, needed to comply with SEC Rule 482, which they did not. The failure to comply with SEC Rule 482 is a violation of NASD Rule 2210(e).

By virtue of the forgoing, BLS and Lefavi violated NASD Rule 2210, for conduct occurring prior to February 4, 2013, FINRA Rule 2210, for conduct occurring after February 3, 2013, and FINRA Rule 2010.

- **Ten "Bruce's Best" handouts that were posted to the www.lefavi.com website and sent to individuals who called into the radio show. The handouts, each of which is dated September 20, 2012, include: Bruce's Best 401(k) Tips; Bruce's Best – Annuities; Bruce's Best – Asset Protection Strategies; Bruce's Best – Bullet Proofing Tips; Bruce's Best – Choosing a Financial Advisor; Bruce's Best Foreign Bonds; Bruce's Best – International Funds; Bruce's Best Mutual Funds; Bruce's Best - Planning for Retirement; and Bruce's Best – Real Estate.**

1. Failure to File with the Department

The following Bruce's Best handouts were not submitted to the Department within 10 days of first use in violation of NASD Rule 2210(c)(2): Bruce's Best 401(k) Tips; Bruce's Best – Annuities; Bruce's Best – Asset Protection Strategies; Bruce's Best – Bullet Proofing Tips; Bruce's Best – Choosing a Financial Advisor; Bruce's Best Foreign Bonds; and Bruce's Best – International Funds.

2. Exaggerated, Misleading, Promissory and/or Unwarranted Statements and Claims/ Omission of Material Information

The following handouts contained violations of NASD Rule 2210(d)(1)(A): Bruce's Best 401(k) Tips; Bruce's Best – Annuities; Bruce's Best – Bullet Proofing Tips; Bruce's Best – Choosing a Financial Advisor; Bruce's Best Foreign Bonds; Bruce's Best – International Funds; Bruce's Best – Mutual Funds; and Bruce's Best – Real Estate.

The following handouts contained violations of NASD Rule 2210(d)(1)(B): Bruce's Best 401(k) Tips; Bruce's Best – Annuities; Bruce's Best – Bullet Proofing Tips; Bruce's Best – Choosing a Financial Advisor; Bruce's Best Foreign Bonds; Bruce's Best – International Funds; Bruce's Best – Mutual Funds; and Bruce's Best – Planning for Retirement.

3. Incomplete Comparisons

The Bruce's Best – Real Estate handout failed to provide a complete comparison between public REITs and non-traded REITS in violation of Rule 2210(d)(1)(A).

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

- www.lefavi.com website content, in addition to the above-identified radio shows and the Bruce's Best handouts.

Prior to February 2013, the firm's website contained statements that violated NASD Rules 2210(d)(1)(A) and (B). Additionally, the postings of the following three items, "Bulletproof Minute: Inflation Protection," "KSL TV November 18, 2008," and "Park City TV 2008" were not filed with the Department in violation of Rule 2210(c)(2).

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

- Client letters, handouts/brochures, workshop related materials, and mailers consisting of the following: November 5, 2012 REIT letter; Bruce's Best – How to Survive a Financial Seminar; 401K: The Good, The Bad, The Ugly AND the Solutions!; The Five Ways You WILL Destroy Your Family; The Fiscal Cliff – Strategies to Save your Income, Retirement, Healthcare & Business from the \$6M Tax Hike; Medicare Announcement

for Workshops; Medicare 101 Educational Presentation; and How To Be Invested Since Obama Was Re-Elected.

1. Failure to Obtain Principal Approval/Prominently Disclose Member Name

In violation of NASD Rule 2210(b)(1)(A), the above seven items were not approved by signature or initial and date before use. In violation of NASD Rule 2210(d)(2)(C), How to Survive a Financial Seminar; The Five Ways You Will Destroy Your Family; The Fiscal Cliff; Medicare Announcement; and Medicare Workshop failed to prominently disclose the member name.

2. Exaggerated, Misleading, Promissory and/or Unwarranted Statements

The following items contained violations of NASD Rule 2210(d)(1)(B): November 5, 2012 REIT letter; 401K: The Good, The Bad, The Ugly AND the Solutions!; The Five Ways You WILL Destroy Your Family; and How To Be Invested Since Obama Was Re-Elected.

3. Omission of Material Information

In violation of Rule 2210(d)(1)(A), the November 5, 2012 REIT letter failed to disclose the risks (i.e., distributions are not guaranteed and may be a return of principal) and limitations associated with the REIT, such as liquidity and redemption restrictions.

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

- Lefavi's book, Bulletproof Retirement, published in 2008. Copies of the book were given to clients/prospective clients, callers to the radio show, visitors to Lefavi's Facebook page, and sold to the general public.

1. Failure to File with the Department

Because certain chapters of the book concern registered investments both generally and specifically, the content of those chapters should have been filed with the Department as required by NASD Rule 2210(c)(2).

2. Exaggerated, Misleading, Promissory and/or Unwarranted Statements and Claims/Omission of Material Information/Incomplete Comparisons

The book contained multiple violations of NASD Rules 2210(d)(1)(A) and (B) and 2210(d)(2)(B).

3. SEC Rule 482 Violations

The book did not adhere to applicable requirements of SEC Rule 482, even though several sections in the book identified specific mutual funds, mutual fund families and provided performance information about specific mutual funds. The failure to adhere to the requirements of SEC Rule 482 constitutes a violation of NASD Rule 2210(e).

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

- Facebook page utilized by the firm during the period July 2011 through January 2013.

The Facebook page violated Rule 2210(b)(1)(A) in that it was not approved by signature or initial and date before use. It further violated Rule 2210(b)(1)(A) because all static material (i.e., newsletters, market updates, radio show notices, and workshop notices) posted to the page were not approved by a registered principal prior to use.

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

- Two billboards utilized by the firm prior to February 2013.

Both billboards violated Rule 2210(d)(2)(C) because they failed to disclose the member name and the relationship between the member and non-member. Additionally, both billboards violated Rule 2210(d)(1)(B), which prohibits the use of false, exaggerated, unwarranted and/or misleading statements and claims.

By virtue of the forgoing, BLS violated NASD Rule 2210 and FINRA Rule 2010.

Violation of FINRA Rule 2010, by Virtue of Violating Section 5 of the Securities Act of 1933

As discussed above, Lefavi hosted a radio show, Bulletproof Your Financial Future. During his radio show that aired on December 11, 2011, Lefavi made a

general solicitation for the purchase of equity units/interests in the Offering, which were being sold by, among others, BLS. The December 11, 2010 radio broadcast aired across the country on multiple radio stations. During the course of the show, Lefavi made the following statements:

- "But that's one of the keys to [X's] amazing success and why I'm making him my official prediction; that his storage facility deals are going to do great. And if you want to know more about it, call my office and we'll give them the prospectuses on it and need to find out all about it. The number is 1-866-709-BRUCE. That's 1-866-702-7823."
- "I'm Bruce Lefavi, and you're listening to Bulletproof Your Financial Future. If you have a financial question of any kind, give me a call. The number is 866-70-BRUCE. That's 866-702-7823. If you'd like to know how to get involved in storage facilities, the smart way to invest in storage facilities, in fact, [X] manages those. So if you want to invest with [X], which I do, and I'm going to -- in fact, I think I've already sent my money in -- that you can do the same thing. Just call my information center and they'll give you the information that you need to know in order to allow you to invest."
- "That's the key to being successful and [X] knows how to do it. This is the guy to invest with. Call us if you want to know how to do it. The number is 866-70-BRUCE; that's 866-702-7823."
- "...I think one of the really important things is to make sure that you make good sound investments. Storage facilities aren't the only good sound investment, but they are the ones I'm recommending this week. I'm making an official prediction.... So there are a lot of different investments. This one, definitely do it now."
- "I highly recommend these. I mean, I'm making this one of my official predictions, and I don't do that lightly because I don't like to be wrong. I've got a 30 and 0 record. I don't want to be 30 and 1."

The above constitute general solicitations. The statements made by Lefavi during the show were designed to generate interest in and procure orders for the Offering. These statements were not made to customers with whom BLS/Lefavi had a pre-existing and substantive relationship, but rather broadcast indiscriminately to the general public. After making the statements on the radio show, BLS and Lefavi sold the Offering to customers. Because the securities had lost their exemption from registration under Regulation D as a result of the general solicitation described above, BLS's/Lefavi's sales were impermissible sales of unregistered securities, in contravention of Section 5 of the Securities Act of 1933.

By virtue of the forgoing, BLS and Lefavi violated FINRA Rule 2010.

B. Respondents also consent to the imposition of the below sanctions.

- BLS shall be censured and fined in the amount of \$75,000. \$15,000 of the fine shall be joint and several with Lefavi.
- Lefavi shall be suspended for ten business days from association with any FINRA member in a principal capacity and fined \$15,000, jointly and severally with BLS.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Each Respondent has submitted an Election of Payment form showing the method by which they propose to pay the fine imposed. Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Lefavi understands that if he is barred or suspended from associating with any FINRA member in all principal capacities, 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, Lefavi may not be associated with any FINRA member in any principal capacity, during the period of the suspension (*see* FINRA Rules 8310 and 8311). Furthermore, because Lefavi is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-associated capacity, an application to continue that association may be required.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against them;
- 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, Respondents 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.

Respondents 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

Respondents 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 them;**
- C. If accepted:**
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against them;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' disciplinary records;**
 - 3. ~~FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and~~**
 - 4. Respondents 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. Respondents 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 Respondents': 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. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondents 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 Respondents to submit it.

June 16, 2014
Date

Bruce A. Lefavi Securities, Inc.

By: 

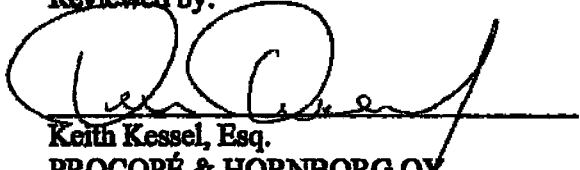
Title: President

June 16, 2014
Date

By: 

Bruce A. Lefavi

Reviewed by:


Keith Kessel, Esq.
PROCOPE & HORNBERG OY
Keskuskatu 8, P.O. Box 1077
FI-00101 Helsinki, Finland
Tel. +358 10 3090 300
Mobile + 358 40 8338 020
Fax +358 10 3090 333
Email: keith.kessel@procope.fi

Accepted by FINRA:

7/7/14
Date

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



Heather Hawker
Senior Regional Counsel
FINRA Department of Enforcement
4600 S. Syracuse St., Suite 1400
Denver, Colorado 80237-2719
(303) 446-3110
Fax No. (303) 620-9450
heather.hawker@finra.org