

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Howard Brian Landers  
(CRD No. 1233612),

Respondent.

Disciplinary Proceeding  
No. 2013035298602

Hearing Officer - DRS

**ORDER ACCEPTING OFFER OF  
SETTLEMENT**

Date: September 30, 2016

**INTRODUCTION**

Disciplinary Proceeding No. 2013035298602 was filed on March 21, 2016 by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Howard Brian Landers ("Landers" or "Respondent") submitted an Offer of Settlement (Offer) to Complainant dated September 28, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

### **BACKGROUND**

At various times since 1979, Landers was associated with several FINRA members. During this time period, Landers obtained the following FINRA licenses: Series 3 (Registered Commodity Representative), Series 4 (Compliance Registered Options Principal), Series 7 (General Securities Representative), Series 8 (Manager/Supervisor), Series 15 (Foreign Currency Options Representative), Series 24 (General Securities Principal), Series 27 (Financial and Operations Principal), Series 53 (Municipal Securities Principal), Series 63 (State Agent) and Series 65 (Investment Advisor). Landers has been associated with FINRA Member 1<sup>st</sup> Bridgehouse Securities, LLC ("1<sup>st</sup> Bridgehouse") since April 17, 2002, the date on which 1<sup>st</sup> Bridgehouse filed a Form U4 for Landers, through the present. Landers is currently the Chief Executive Officer and Chief Compliance Officer of 1<sup>st</sup> Bridgehouse, as well as a General Securities Principal and the firm's Financial and Operations Principal.

### **FINDINGS AND CONCLUSIONS**

It has been determined that the Offer be accepted and that findings be made as follows:

#### **SUMMARY**

1. During the period from September 2012 through June 2014, Landers willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose four unsatisfied Internal Revenue Service ("IRS") tax liens totaling approximately \$375,704 that were filed against him in September 2012, April 2013 and June

2013. By engaging in such misconduct, Landers willfully acted in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

### **RESPONDENT AND JURISDICTION**

2. At various times since 1979, Landers was associated with several FINRA members.

3. During this time period, Landers obtained the following FINRA licenses: Series 3 (Registered Commodity Representative), Series 4 (Compliance Registered Options Principal), Series 7 (General Securities Representative), Series 8 (Manager/Supervisor), Series 15 (Foreign Currency Options Representative), Series 24 (General Securities Principal), Series 27 (Financial and Operations Principal), Series 53 (Municipal Securities Principal), Series 63 (State Agent) and Series 65 (Investment Advisor).

4. Landers has been associated with FINRA Member 1<sup>st</sup> Bridgehouse Securities, LLC ("1<sup>st</sup> Bridgehouse") since April 17, 2002, the date on which 1<sup>st</sup> Bridgehouse filed a Form U4 for Landers, through the present.

5. Landers is currently the Chief Executive Officer and Chief Compliance Officer of 1<sup>st</sup> Bridgehouse, as well as a General Securities Principal and the firm's Financial and Operations Principal. Since at least 2002, Landers has been the principal responsible for ensuring that Forms U4 for 1<sup>st</sup> Bridgehouse registered persons are kept current at all times.

6. Landers is subject to FINRA's jurisdiction because he is currently associated with and registered through a FINRA member.

## **FACTUAL BACKGROUND**

### ***Willful Failure to Timely Disclose Four IRS Tax Liens Totaling Approximately \$375,704***

7. For the years 2002 through 2014, Landers failed to file and/or failed to timely file all his federal income tax returns. Landers also failed to pay amounts due to the IRS during those years.

8. From 2002 through 2012, Landers periodically received IRS correspondence concerning his unfiled federal income tax returns and amounts due and owing the IRS.

9. The IRS met Landers at his home on May 4, 2012 regarding outstanding balances and unfiled returns for 2008, 2010 and 2011. The IRS advised him that it would file a Notice of Federal Tax Lien (NFTL) if he did not take action by May 9, 2012.

10. On May 10, 2012, Landers' representative spoke with the IRS and filed a Collection Appeal Request (CAR) to prevent the IRS from filing the NFTL.

11. By letter dated May 25, 2012, the IRS advised Landers that the CAR had been reviewed and that the NFTL filing would be postponed until June 11, 2012. The IRS letter further stated that the NFTL would be filed after June 11, 2012, unless Landers filed his 2008 tax return and submitted documents supporting his allegation that the filing of the NFTL would hamper collection by causing him to lose his job and/or license as a broker dealer.

12. Landers failed to comply with the conditions imposed by the IRS in the May 25, 2012 letter for preventing the IRS from filing the NFTL.

13. Additionally, neither Landers nor his representative reached any compromise or resolution with the IRS to satisfy the unpaid tax liability.

14. As a result of Landers' failure to comply with the above described IRS's conditions, his failure to negotiate a settlement with the IRS, and his continuing failure to pay

taxes owed since 2002, the IRS filed four tax liens against Landers between September 2012 and June 2013 as follows:

| Lien # | Tax Period(s)<br>Ending                | Amount       | Date Filed | Date Recorded | Disclosed on<br>Form U4 |
|--------|----------------------------------------|--------------|------------|---------------|-------------------------|
| 1      | 12/31/2004<br>12/31/2007<br>12/31/2009 | \$24,090.30  | 9/11/2012  | 9/20/2012     | 6/10/2014               |
| 2      | 12/31/2002<br>12/31/2003<br>12/31/2008 | \$165,001.86 | 9/11/2012  | 9/20/2012     | 6/10/2014               |
| 3      | 12/31/2010<br>12/31/2011               | \$121,955.34 | 4/18/2013  | 5/10/2013     | 2/11/2014               |
| 4      | 12/31/2005                             | \$64,656.84  | 6/18/2013  | 6/26/2013     | 2/11/2014               |

***Untimely Disclosure of IRS Liens 1 and 2***

15. On or about September 11, 2012, the IRS filed its first lien in the amount of \$24,090.30 ("Lien 1") and its second lien in the amount of \$165,001.86 ("Lien 2") for unpaid taxes against Landers. Pursuant to 26 U.S.C. § 6320(a)(1) and (2), the IRS was required by statute to serve notice of Liens 1 and 2 on the debtor, Landers, within five business days.

16. FINRA notified Landers of Liens 1 and 2 again on or about February 21, 2014, almost one and a half years later. Specifically, FINRA attached a copy of Lien 1 and Lien 2 to a letter sent to Landers pursuant to FINRA Rule 8210 that was delivered to Landers via U.S. Certified Mail on February 24, 2014.

17. Landers did not disclose the liens on his Form U4 until June 10, 2014, almost two years after the liens were imposed, and about four months after FINRA sent him a copy of the liens via certified mail.

18. Until at least June 25, 2015, Landers had not satisfied Lien 1 or Lien 2.

19. Accordingly, Landers willfully failed to file or cause to be filed a supplementary amendment to his Form U4 within 30 days of receiving notice of Lien 1 and Lien 2 as required by FINRA's By-Laws.

***Untimely Disclosure of IRS Liens 3 and 4***

20. On or about April 18, 2013, the IRS filed a third lien in the amount of \$121,955.34 for unpaid taxes against Landers ("Lien 3").

21. On or about June 18, 2013, the IRS filed a fourth lien in the amount of \$64,656.84 for unpaid taxes against Landers ("Lien 4").

22. Pursuant to 26 U.S.C. § 6320(a)(1) and (2), the IRS was required by statute to serve notice of Liens 3 and 4 on the debtor, Landers, within five business days.

23. Landers did not disclose Liens 3 and 4 until February 11, 2014, the day that a registered representative that Landers supervised advised Landers that he had discussed his own undisclosed liens at his on the record testimony with FINRA. Landers was scheduled to testify before FINRA on February 12, 2014 in connection with a matter other than the one at bar.

24. In his February 11, 2014 U4 filing, Landers acknowledged he had received notice of Liens 3 and 4 in May and July 2013, respectively. Landers did not amend his Form U4 to disclose the April and June 2013 liens until approximately 10 and 8 months after the liens were filed, and 9 and 7 months after he admits that he received notice of the liens.

25. Until at least June 25, 2015, Landers had not satisfied Liens 3 and 4.

26. Accordingly, Landers willfully did not file or cause to be filed a supplementary amendment to his Form U4 within 30 days of receiving notice of Lien 3 and Lien 4 as required by FINRA's By-Laws.

## **CAUSE OF ACTION**

### **Willful Failure to Timely Amend Form U4 and Disclose Liens (Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010)**

27. A person registering with FINRA must comply with FINRA's By-Laws by filing a Form U4 to provide the information FINRA requires. Article V, Section 2(c) of FINRA's By-Laws generally provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

28. 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."

29. Since at least 2012, Disclosure Question 14M of Form U4 has read: "Do you have any unsatisfied judgments or liens against you?" If an affirmative answer is given to Question 14M, the registered person is required to provide details about the unsatisfied judgment or lien.

30. Since at least 2012, Landers knew he was obligated to keep his Form U4 current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

31. Landers willfully failed to timely update his Form U4 to correct material information that had become inaccurate.

32. Specifically, Landers failed to timely amend his Form U4: (1) to disclose Lien 1 in the amount of \$24,090.30 and Lien 2 in the amount of \$165,001.86 from October 2012 through June 9, 2014; (2) Lien 3 in the amount of \$121,955.34, from May 2013 through

February 10, 2014; and (3) Lien 4 in the amount of \$64,656.84 from July 2013 through February 10, 2014.

33. Landers' failure to amend his Form U4 to disclose these liens in accordance with the timeframe set forth in Article V, Section 2 of FINRA's By-Laws was willful.

34. As a result of the foregoing conduct, Landers willfully acted in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

Based on the foregoing, Respondent willfully omitted to state a material fact on a Form U4 in contravention of Article V, Section 2(c) of FINRA's By-Laws and in violation of FINRA Rules 1122 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

### **SANCTIONS**

It is ordered that Respondent be suspended for three months from association with any FINRA member in all capacities. Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

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

FINRA

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

A handwritten signature in black ink, appearing to read "Kevin D. Rosen", is written over a horizontal line.

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