

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035761501**

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

RE: Andrew Scott Taubman, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 4433933

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.

L.

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

Andrew Scott Taubman ("Taubman") entered the securities industry in July 2001, when he became associated with a FINRA member firm. In November 2001, Taubman was registered as an investment company and variable contracts products representative. In November 2005, Taubman was employed by NFP Securities, Inc. ("NFP"), where he remained until September 2010. Taubman was later associated with another FINRA member firm from February 2011 until he was terminated on August 15, 2012 and a Uniform Termination Notice for Securities Industry Registration ("Form U5") was filed that same day. Taubman is not currently associated with a FINRA member firm, but remains subject to FINRA's jurisdiction. Taubman has not been the subject of any prior disciplinary actions by FINRA, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

OVERVIEW

Taubman engaged in several outside business activities without notifying or receiving the proper approval from his FINRA member firm, and further failed to amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose the outside business activities, in violation of NASD Conduct Rules 3030 and 2110 (for conduct through December 14, 2008), Article V, Section 2 of FINRA's By-Laws and NASD IM-1000-1 (for conduct through August 16, 2009) and FINRA Rules 1122 (for conduct commencing on or after August 17, 2009) and 2010 (for conduct commencing on or after December 15, 2008).

AST

FACTS AND VIOLATIVE CONDUCT

Background

NASD Conduct Rule 3030 prohibits all persons associated with a member firm in any capacity from accepting employment or compensation from any other person as a result of any business activity, other than a passive investment, outside the scope of the relationship with the employer firm, unless they provide written notice of the activity to the member firm.

Article V, Section 2(c) of the NASD's and FINRA's By-Laws requires that registrations filed with FINRA be kept current at all times and that amendments must be filed with FINRA "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." NASD IM-1000-1 provides that the filing of registration information that "is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or the failure to correct such filing after notice thereof, may be deemed to be conduct inconsistent with just and equitable principles of trade." Accordingly, an incomplete or inaccurate filing or the failure to correct a filing so as to render it misleading is a violation of NASD Conduct Rule 2110 and FINRA Rule 2010.

FINRA Rule 1122 similarly 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."

Failure to Timely Disclose Outside Business Activities

Taubman is a CPA and is part owner of a CPA firm. In addition, Taubman was registered as a Series 6 representative primarily to receive compensation for recommending investments to CPA clients. In 2004, Taubman and others formed a new entity –WFG, which acquired a former CPA client that was engaged in mortgage lending and construction loans. WFG raised funds through an affiliate/dba WAC. WAC purchased mortgage notes from WFG. Taubman was a 50% owner of WFG, received a salary, distributions of profits, and reimbursement of certain expenses such as automobile payments and health insurance premiums.

On or about June 10, 2005, Taubman disclosed WAC as an outside business activity to NFP and noted he was a non-operating owner. Taubman also disclosed WFG as another outside business activity on a Form U4 amendment dated March 7, 2006. In his disclosure, Taubman described WFG as a "hard equity lender" in which he had a 50% ownership interest and to which he would devote 5 hours per month.

While Taubman disclosed his association with WFG, the disclosure was untimely in that Taubman and another individual had formed WFG in 2004. Therefore, Taubman's ownership and association with WFG should have been disclosed from the commencement of his employment with NFP in November 2005. Furthermore, Taubman's association with WFG was never disclosed on any Form U4 filed by AXA Advisors, LLC, with which he was associated from June 17, 2004 through November 30, 2005.

As a result of the foregoing conduct, Taubman violated Article V, Section 2 of NASD's By-Laws, NASD IM-1000-1 and NASD Conduct Rule 2110.

Failure to Disclose Other Outside Business Activities

Additionally, FINRA discovered nine other businesses that Taubman was affiliated with, during the period from 1994 through at least 2010, that he failed to disclose to NFP or include on his Form U4. These other businesses include numerous special purpose entities engaged in real estate deals, entities affiliated with Taubman's CPA practice, and entities affiliated with WFG/WAC. NFP's written supervisory procedures require that NFP registered representatives formally disclose to NFP's compliance department any business activity outside the scope of his employment with NFP and receive a written acknowledgement before commencing the activity. Taubman completed NFP Annual Certification and Acknowledgement Questionnaires for the years 2006, 2007, 2008, and 2009. Taubman represented on each of these questionnaires that his Form U4 was accurate and complete. Taubman further represented that his outside business activities disclosures were accurate.

Taubman disclosed his outside business activities with his CPA firm, WFG/WAC, and an insurance company to NFP, but he failed to submit any written notice of the nine other outside business activities in which he engaged and represented to NFP that his Form U4 was accurate and complete, when it failed to list multiple other businesses in which he was engaged.

As a result of the foregoing conduct, Taubman violated NASD Conduct Rules 3030 and 2110 (for conduct through December 14, 2008), Article V, Section 2 of FINRA's By-Laws, NASD IM-1000-1 (for conduct through August 16, 2009) and FINRA Rules 1122 (for conduct commencing on or after August 17, 2009) and 2010 (for conduct commencing on or after December 15, 2008).

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

- \$10,000 fine; and
- Six-month suspension from association with any FINRA member firm in all capacities.

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

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

8/1/14

Andrew Scott Taubman, Respondent

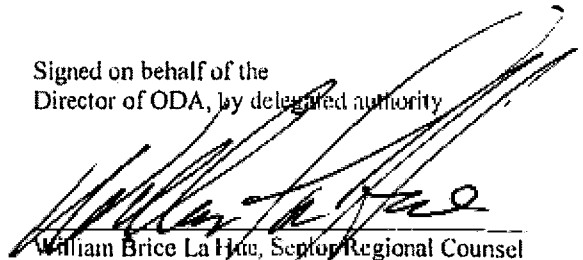
Reviewed by:

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Accepted by FINRA:

8/11/14
Date

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



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