

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035865302**

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

RE: Adam Howard Warga, Respondent
Registered Representative
CRD No. 2606732

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

Adam Howard Warga ("Warga") was first associated with a FINRA member firm in 1995. He was associated with Spencer Edwards, Inc. ("Spencer Edwards" or the "Firm") from March 2, 2011 through December 31, 2012 as a General Securities Representative. Warga is currently associated with another FINRA member firm. He holds Series 7 and 66 licenses.

OVERVIEW

Between March 2011 and January 2012, Warga participated in the sale of unregistered shares of two thinly-traded over-the-counter penny stocks on behalf of three customers. The shares were not registered and the transactions were not exempt from registration. By participating in the sale of unregistered securities in contravention of Section 5 of the Securities Act, Warga violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Section 5 of the Securities Act of 1933 prohibits the offer or sale of any security unless there is a registration statement in effect as to that security or there is an exemption available for the securities transaction. FINRA Rule 2010 requires a member to observe high standards of commercial honor and just and equitable principles of trade.

In March 2011, two individuals and one entity opened accounts with Warga and Spencer Edwards. Between March 2011 and January 2012, the accounts deposited and liquidated over 360 million penny stock shares of two issuers, including Healthnostics, Inc. (HNSS) and Eastern Asteria, Inc. (EATR), receiving approximately \$200,000 in proceeds. After the liquidations, the proceeds were distributed to the customers by check. No registration statement was in effect for any of the shares sold and no exemption from registration applied to exempt the transactions from Section 5.

Warga did not conduct a sufficient inquiry into the circumstances surrounding the customers' acquisition and sale of the shares, prior to executing the sales, to ensure the availability of an exemption from registration.

By virtue of the foregoing sales in contravention of Section 5 of the Securities Act, Warga violated FINRA Rule 2010.

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

1. A twenty business day suspension from associating with any FINRA member firm in any capacity.

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.

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

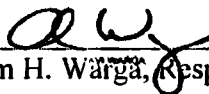
be considered in any future actions brought by FINRA or any other regulator against me;

2. this AWC will be made available through FINRA's public disclosure program in 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. 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.

October 27, 2015
Date (mm/dd/yyyy)


Adam H. Warga, Respondent

Accepted by FINRA:

11/2/15
Date

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



Perry C. Hubbard
Director
FINRA Department of Enforcement
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