

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036033801**

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

RE: Michael Willard Korson, Respondent
CRD No. 2108802

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

Respondent Michael Willard Korson ("Korson") first became registered with FINRA on April 26, 1991 as an Investment Company Products/Variable Contracts Representative (Series 6) with PFS Investments, Inc. ("PFSI"). On January 12, 1999, Korson also became licensed as an Investment Company Products/Variable Contracts Principal (Series 26). On February 21, 2013, Korson's registration with PFSI was terminated for the events described below. From January 27, 2014 through July 21, 2014, Korson was registered with FINRA through HBW Securities, LLC ("HBW"). Korson is not currently registered with any FINRA member firm, but FINRA retains jurisdiction over him pursuant to Article V, Section 4, of the FINRA by-Laws.

OVERVIEW

During the period February 2011 through August 2012, Korson violated FINRA Rules 3270 and 2010 by failing to disclose to PFSI his involvement with an outside business, My Coupon Genie, Inc. ("MCG"). Between September 2011 and May 2014, while registered with PFSI and later HBW, Korson participated in

private securities transactions involving MCG without providing prior written notice to either firm in violation of NASD Rule 3040 and FINRA Rule 2010. Korson misused MCG investor funds in violation of FINRA Rules 2150(a) and 2010 by charging personal expenses to the MCG corporate credit card. Finally, Korson violated NASD Rule 3050(c) and FINRA Rule 2010 by opening and trading in an outside brokerage account without providing prior written disclosures to PFSI or to the member firm where the account was opened.

FACTS AND VIOLATIVE CONDUCT

1. Failure to Timely and Accurately Notify PFSI of his Outside Business Activities

Korson is the founder, chief executive officer, board member, and majority owner of MCG, a company that provides an on-line platform for retailers to share promotional offers on goods and services directly with consumers. On or before February 2011, Korson began the application process to patent the MCG technology. On September 16, 2011, MCG was incorporated in the State of Michigan by Korson's wife, who serves as the president and a board member of MCG. Korson's wife also opened a checking and savings account in the name of MCG in September 2011. On January 30, 2012 and April 12, 2012, payroll payments of \$15,000 and \$25,000, respectively, were made to a joint account held by Korson and his wife from the MCG checking account. Starting in December 2011, Korson also received \$600 a month from MCG for the purpose of making car lease payments.

PFSI required registered representatives to disclose and obtain preapproval for all outside business activities. PFSI received notice of Korson's involvement in MCG on August 2, 2012—approximately 18 months after Korson's first evidenced involvement with MCG. On his August 2, 2012 disclosure form to PFSI, Korson revealed that he received compensation from MCG, but falsely stated that his involvement with MCG first began on July 31, 2012.

FINRA Rule 3270 provides that no registered person may be an employee, independent contractor, sole proprietor, officer, director, or partner of another person, or be compensated or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the registered representative's relationship with the member firm, unless prior written notice is provided to the member. FINRA Rule 2010 requires that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." Korson violated FINRA Rules 3270 and 2010 by failing to provide prior written notice to PFSI regarding his outside business activity involving MCG and by providing misleading information to PFSI regarding the date his involvement with MCG commenced.

2. Unapproved Private Securities Transactions

After learning about MCG from Korson, two of Korson's PFSI customers, CT and GW, purchased convertible debentures issued by MCG totaling \$200,000 on September 19, 2011. That same day, Korson's wife also purchased a MCG convertible debenture for \$216,000 using funds from a personal bank account held jointly with Korson. A MCG sales consultant introduced Korson to investor DS in the summer of 2012. Korson and DS discussed the terms of DS's MCG investment and on August 23, 2012, DS purchased 4,750 shares of preferred MCG stock for \$990,000. On May 14, 2014, while Korson was registered with HBW, DS invested an additional \$11,214 in MCG. DS was not a customer of either PFSI or HBW. Korson participated in the sale of the MCG convertible debentures to PFSI customers CT and GW and the sale of MCG stock to DS by collaborating with counsel to draft the transaction documentation for each private securities transaction and by meeting with PFSI customers CT and GW and with DS to discuss the MCG product and its investment terms.

NASD Rule 3040 prohibits registered representatives from participating "in any manner in a private securities transaction," unless the registered representative first notifies the member firm in writing. Both PFSI and HBW required registered representatives to disclose and obtain firm approval prior to participating in any private securities transaction. On his August 2, 2012 PFSI disclosure form, Korson failed to disclose his September 19, 2011 participation in the sale of the above three MCG convertible debentures. Korson also did not provide prior written notice to PFSI of his involvement in the August 23, 2012 sale of MCG preferred stock. Upon registering with HBW, Korson disclosed MCG as an outside business activity, but then failed to provide prior written notice to HBW of the May 14, 2014 investment by DS in MCG. By failing to provide PFSI and HBW with prior written notice of his participation in these private securities transactions, Korson violated NASD Rule 3040 and FINRA Rule 2010.

3. Improper Use of Customer Funds

In September 2011, a corporate credit card account was opened by Korson's wife in the name of MCG. Korson was an authorized user on the MCG credit card account. In October 2011, Korson began using the MCG corporate credit card to make purchases, including personal expenditures totaling approximately \$2,000 for day spa and dental services. Funds from the MCG checking account were used to pay the MCG corporate credit card balance. The majority of the funds in the MCG checking account came from investors, including funds from the two PFSI customers.

FINRA Rule 2150(a) provides that no member or person associated with a member shall make improper use of a customer's securities or funds. By using customer funds to make personal purchases, Korson violated FINRA Rules 2150(a) and 2010.

4. Undisclosed Outside Brokerage Account

On October 4, 2011, Korson's wife opened a brokerage account in the name of MCG away from PFSI at another member firm. On the other member firm's new account documentation, neither Korson, nor his wife, disclosed Korson's involvement with MCG or his registration with PFSI. Korson managed the trading activity in this MCG brokerage account, making the initial purchases on October 10, 2011 after funds from the MCG checking account were transferred to the brokerage account. Moreover, the MCG brokerage account statements generated by the other member firm were sent to Korson's home address and listed Korson as the account advisor. Korson did not disclose the opening of the MCG brokerage account to PFSI, and instead falsely certified to PFSI in November 2011 that he had disclosed all brokerage accounts held away from the firm.

NASD Rule 3050(c) requires that a "person associated with a member, prior to opening an account or placing an initial order for the purchase or sale of securities with another member, shall notify both the employer member and the executing member, in writing, of his or her association with the other member." PFSI required registered representatives to provide written notice of all securities accounts they held, controlled, or had an interest in at other member firms. Korson violated NASD Rule 3050(c) and FINRA Rule 2010 by not providing prior written notice of his registration with PFSI to the member firm where the MCG account was opened, and by failing to disclose to PFSI the MCG brokerage account opened at another member firm.

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

A bar in all capacities from any FINRA member.

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. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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

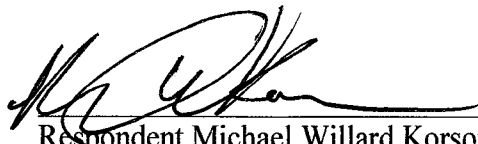
C. If accepted:

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.

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.

2-9-2015

Date (mm/dd/yyyy)

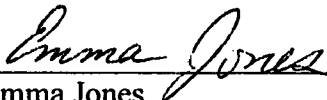


Respondent Michael Willard Korson

Accepted by FINRA:

February 27, 2015
Date

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



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