

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036690501**

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

RE: Anthony Gary Epps, Respondent
General Sales Representative
CRD No. 1030645

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Anthony Gary Epps ("Epps") 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

Epps entered the securities industry in June 1987 with NYLIFE Securities L.L.C. ("NYLIFE"), a FINRA regulated entity and was approved as a General Sales Representative ("GSR") on July 24, 1987. Epps remained with NYLIFE until June 2009. In June 2009, Epps became associated as a GSR with NYLIFE Distributors L.L.C. ("Distributors"), an affiliate of NYLIFE and a FINRA-regulated entity, where he remained associated until March 2012. In May 2012, Epps reassociated himself as a GSR with NYLIFE and remained there until June 5, 2013.

On June 14, 2013, NYLIFE filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting that Epps was "permitted to resign after he had communicated with a former client regarding his unapproved outside business activity/investment." The Form U5 also reported a complaint filed by customers EP and ZP, a married couple. On June 14, 2013, Distributors filed a Form U5 Amendment also reporting the complaint of EP and ZP. On May 8, 2014, Distributors filed a Form U5 Amendment reporting, for the first time, a complaint filed by customer LF. Epps is not currently associated with any FINRA member. Accordingly, pursuant to Article V, Section 4 of the FINRA By-Laws, Epps remains subject to the jurisdiction of FINRA

until at least May 5, 2016.

RELEVANT DISCIPLINARY HISTORY

Epps has no relevant disciplinary history.

OVERVIEW

Between approximately June 2010 and June 2013, while associated with FINRA member firms, Epps participated in an undisclosed private securities transaction by investing his personal funds in a privately held start-up company. Epps also referred at least four potential investors and facilitated their investments in the same privately held company, in violation of NASD Rule 3040 and FINRA Rule 2010. In addition, Epps willfully failed to timely disclose three unsatisfied tax liens on his Uniform Application for Securities Industry Registration ("Form U4") in violation of Article V, Section 2(c) of the FINRA By-Laws, NASD IM-1000-1, NASD Rule 2110 and FINRA Rules 1122 and 2010. Lastly, Epps made three material misrepresentations to a FINRA member firm over three years, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Epps's Undisclosed Private Securities Transactions

NASD Rule 3040 prohibits associated persons from participating in any manner in a private securities transaction outside their regular course of employment with a member firm, without providing prior written notice and receiving prior written approval from the member firm. Oral notice is insufficient to satisfy Rule 3040. NASD Rule 3040(d) states that a registered representative is not exempt from his notification obligations even if he has not and will not receive any compensation from the outside private securities transaction. NASD Rule 3040 defines a private securities transaction as "any securities transaction outside the regular course or scope of an associated person's employment with a member, including, though not limited to, new offerings of securities [that] are not registered with the SEC." FINRA Rule 2010 requires registered representatives to observe high standards of commercial honor and just and equitable principles of trade.

In August 12, 2010 while employed with Distributors, Epps invested \$190,000 of his personal funds in NHJ, a privately held entity. Epps did not request or receive approval from Distributors to invest in NHJ. In addition, between approximately June 2010 and June 2011 while associated with Distributors, Epps referred four NYLIFE customers to NHJ to invest in the entity, without Distributor's knowledge or approval. The four customers invested \$800,000 in NHJ as follows: CH - \$500,000; PL - \$50,000; LF - \$50,000; and TP - \$200,000. Epps facilitated the customers' investments in NHJ by providing information and responding to questions regarding NHJ to the customers via email and telephone conversations. Epps also participated in meetings between NHJ's

managers and the customers. In addition, Epps participated in one customer's investment negotiations and helped the customer decide how to fund their investment in NHJ.

In view of the foregoing, Epps violated NASD Rule 3040 and FINRA Rule 2010 by investing his personal funds in NHJ, referring investors to NHJ, and by facilitating the customers' investments in NHJ.

Epps's Failure to Disclose Tax Liens

Article V, Section 2(a) of the FINRA By-Laws, every person seeking registration is required to submit an application on the Form U4. Under Article V, Section 2(c), every registered person must also amend their Form U4 to keep the reported information current. Similarly, NASD IM-1001-1 and FINRA Rule 1122 prohibit associated persons from filing, or failing to correct, information with respect to membership or registration which is or becomes incomplete or inaccurate. The Form U4, in item 14M, requires an affirmative answer if the representative has "any unsatisfied judgments or liens." Further, NASD Rule 2110 and FINRA Rule 2010 state that a "member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade." A violation of Article V, Section 2(c) and NASD IM-1000-1 or FINRA Rule 1122 is also a violation of NASD Rule 2110 or FINRA Rule 2010.

Question 14M of the Form U4 asks, "Do you have any unsatisfied judgments or liens against you?" The following tax liens were filed against Epps while he was associated with NYLIFE or Distributors:

- \$15,824.00 lien filed by the Internal Revenue Service ("IRS") on September 3, 2008;
- \$18,162.00 lien filed by the IRS on September 28, 2009; and
- \$2,826.00 lien filed by the IRS on September 28, 2009.

Although Epps received notice of each of the foregoing tax liens around the time they were filed, he willfully failed to amend his Form U4 to disclose these reportable events, during his association with NYLIFE or Distributors.

In May 2012 when Epps reassociated himself with NYLIFE, his tax liens were still unsatisfied and reportable events. On June 13, 2012, Epps completed, signed, and submitted a Form U4 for registration with NYLIFE. At that time, Epps falsely responded "NO" to Question 14M of the Form U4,

By failing to report the foregoing tax liens, Epps willfully violated Article V, Section 2(c) of the FINRA By-Laws, NASD IM-1000-1, NASD Rule 2110, and FINRA Rules 1122 and 2010.

Epps' Material Misrepresentations to a FINRA Member

Between 2009 and 2011, Epps submitted three NYLIFE Distributors LLC – Wholesaler Interview Forms (the “Questionnaires”) to Distributors in which Epps certified that he understood his obligation to update his Form U4 regarding unsatisfied liens. Epps also falsely certified in each of the Questionnaires, that he complied with his obligation to timely update his Form U4 regarding unsatisfied liens.

By submitting Questionnaires to Distributors falsely certifying that he complied with his obligation to timely update his Form U4 regarding unsatisfied liens, Epps violated FINRA Rule 2010.

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

- A one-year suspension 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.

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA’s By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a 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.

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

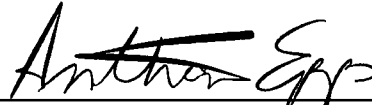
4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought 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.

June 5, 2015

Date



Anthony Gary Epps, Respondent

Reviewed by:



Robert Heim, Esq.
Counsel for Respondent
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Accepted by FINRA:

6-17-15
Date

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



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