

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2013036693101**

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

**RE: Craig Schafer ("Schafer"), Respondent  
CRD No. 5078863**

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**

Schafer entered the securities industry in December 2005, when he became associated with Park Avenue Securities LLC (the "Firm"), a FINRA-regulated broker-dealer. In January 2006 Schafer became registered as a Series 6 Investment Company and Variable Contracts Products Limited Representative and a Series 63 Uniform Securities Agent. Schafer obtained his Series 7 (General Securities Representative) and Series 65 (Uniform Investment Adviser) registrations in May and August 2012, respectively.

On April 19, 2013, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form US") reporting the termination of Schafer's association with the Firm effective March 21, 2013 because he was involved in unapproved outside business activities. In June 2013, Schafer became associated with another FINRA-regulated broker-dealer as a registered representative. FINRA retains jurisdiction over Schafer as he is currently associated with a FINRA-regulated broker-dealer.

### **RELEVANT DISCIPLINARY HISTORY**

Schafer has no disciplinary history in the securities industry.

### **OVERVIEW**

Schafer violated NASD Rules 3040 and 2110 by participating in a private securities transaction without the prior approval of his FINRA-regulated broker-dealer employer.

### **FACTS AND VIOLATIVE CONDUCT**

NASD Rule 3040 provides that "[n]o person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule." A private securities transaction is defined as "any securities transaction outside the regular course or scope of an associated person's employment with a member." Prior to participating in a private securities transaction, an associated person must provide written notice to his or her FINRA-regulated broker-dealer employer, "describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." Even for transactions in which no compensation is received, the Rule requires that prior written approval must be given by the FINRA-regulated broker-dealer employer.

A violation of NASD Rule 3040 is also a violation of NASD Rule 2110, which requires a registered person to observe the high standards of commercial honor and just and equitable principles of trade.

In or around September 2007, Schafer participated in an unapproved private securities transaction by purchasing an ownership interest in a Florida limited liability company for approximately \$20,000 for the purpose of investing in real estate development. The company's operating agreement identified Schafer as a member of the company, with a 5.85 percent ownership interest. Schafer did not seek or obtain permission from the Firm prior to purchasing this ownership interest.

By virtue of his conduct, Schafer violated NASD Rules 3040 and 2110.

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

- a one-month suspension from association with any FINRA member in any capacity; and
- a fine of \$5,000.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction 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**

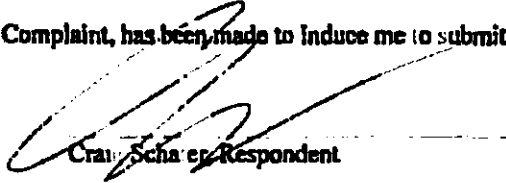
**I understand that:**

- 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 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.

2/6/15  
Date (mm/dd/yyyy)

  
Craig Schaefer, Respondent

Reviewed by:

  
Mark R. Vespole, Esq.  
Counsel for Respondent  
Tressler LLP  
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Newark, NJ 07102  
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Accepted by FINRA:

3/11/15  
Date

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

  
Richard Chun  
Chief Counsel  
FINRA Department of Enforcement  
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