

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130369890**

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

RE: Lance B. Topol, Respondent
General Securities Representative
CRD No. 5731836

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Lance B. Topol ("Respondent"), submits 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 him 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 entered the securities industry when he became associated with Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Firm") in October 2009. He received both his Series 7 and 66 licenses in January 2010. In December 2009, Respondent became dually employed with Bank of America, N.A. ("BOA"), an affiliate of the Firm.

In November 2012, Respondent voluntarily left the Firm and BOA and became associated with CL, a FINRA-regulated broker-dealer.

On May 7, 2013, the Firm filed an amendment to Respondent's Form U5 stating that it had commenced an internal review regarding the potential issuance of "multiple forged letters of credit [("LOCs")] improperly issued by [him] to third parties and a client of the firm."

Respondent's registration with CL terminated on June 4, 2013. The termination was listed by CL on a Form U5 as voluntary.

The Firm filed two additional amendments to Respondent's Form U5. The first of these amendments, filed on June 21, 2013, disclosed that the Firm's internal review had concluded and it had determined that Respondent issued the aforementioned forged LOCs.

The second of these amendments, filed on October 7, 2013, disclosed that "Company A" filed a civil action against the Firm in a Texas state court regarding alleged "misrepresentation regarding a customer loan and counterfeit letters of credit..."

Pursuant to Article V, Section 4(a) of FINRA's By-Laws, FINRA's jurisdiction over Respondent expires on October 6, 2015.

RELEVANT DISCIPLINARY HISTORY

Respondent has no prior disciplinary history in the securities industry.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 states that a member or associated person in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade.

Unethical business-related conduct may violate Rule 2010 even if the conduct does not involve a security or a securities transaction.

The falsification of documents is an example of misconduct that adversely reflects on a person's ability to comply with regulatory requirements, is inconsistent with just and equitable principles of trade, and violates Rule 2010.

Forgery includes signing a customer or other party's name on a document without that person's knowledge. Forgery also violates Rule 2010.

From early 2012 through November 2012, Respondent had numerous conversations with representatives of Company A and "Company B" (the "Companies") regarding the provision of LOCs and other financing. In his capacity as a registered representative of the Firm, Respondent did not have the authority, on behalf of the Firm or BOA, to issue LOCs or make other promises of financing.¹

Despite making several inquiries to responsible officials of BOA seeking financing on behalf of Company A, Respondent never received authorization from BOA or the Firm to issue LOCs or other documents promising financing to that company. Rather, Respondent was advised on numerous occasions by BOA officials that BOA was unwilling to issue LOCs or extend other financing to Company A.

¹ Unlike BOA, the Firm does not issue LOCs or extend the aforementioned types of credit lines.

Nonetheless, from early 2012 through November 2012, Respondent created nine falsified LOCs, seven falsified Comfort Letters, and a falsified term sheet on Firm and/or "Bank of America" letterhead.¹ Each of the LOCs bore Company A's account number at the Firm and purported to provide potential financing of between \$1.6 million to \$10 million. The total amount of the financing that was promised in the LOCs exceeded \$65 million.

Moreover, additional financing was contemplated by the seven Comfort Letters. For example, a Comfort Letter, which contained the signature of a BOA officer that was forged by Topol, confirmed that "BOA/[the Firm]" was providing Company A with a LOC in connection with a contract between Company A and a government agency for the purchase of petroleum products, and stated that "BOA/[the Firm]" would provide Company A with a committed LC facility of up to \$35 million a month for the life of [the] contract."

Neither the Firm nor BOA had in fact agreed to provide financing or undertake the other obligations that were promised or otherwise referred to in these LOCs, Comfort Letters, and term sheet.

Respondent distributed all or most of these fictitious documents to contractual counterparties or proposed counterparties of Company A.²

Respondent also made the following false representations to representatives of Company A:

- On May 25, 2012, that the Firm and/or BOA had approved a \$10 million LOC.
- On July 12, 2012, that a line of credit was in the process of being established for Company A.
- On July 20, 2012, that he could get a LOC for Company A "approved via legal and . . . turned around in 3 hours."
- On July 27, 2012, that he was nearing final authorization to provide financing to Company A.
- On August 1, 2012, that BOA was happy to issue an LOC to Company A.
- On November 21, 2012, that he had "got[ten] the ok" to issue additional LOCs to Company A.

¹ A "Comfort Letter" is an informal letter from a financial institution indicating its willingness to provide a customer with financing if required. It does not constitute an irrevocable commitment to provide such financing.

² In September 2013, Company A filed a civil action against BOA and the Firm in connection with its alleged reliance on the fictitious LOCs and other documents that it received from Respondent.

- In several fictitious LOCs, that he was an authorized BOA officer or signatory.

Contrary to these representations, neither the Firm nor BOA had in fact agreed to, or indicated, a willingness, to provide financing to Company A, nor was Respondent an authorized signatory of LOCs issued by BOA.

In addition, in June 2012, Respondent falsely stated to representatives of Company B that the Firm was willing to issue a line of credit to Company B. The Firm had never indicated that it was willing to do so.

By creating and distributing nine falsified LOCs, seven falsified Comfort Letters and a falsified term sheet on behalf of the Firm and/or BOA without the knowledge or authorization of those firms, and by making the misrepresentations described above, Respondent violated Rule 2010.

By forging the name of an officer of BOA on one of the Comfort Letters, Topol violated Rule 2010.

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

A bar from association with any FINRA member in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 him; and
- C. If accepted:
1. this AWC will become part of his permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about his 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. Respondent 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. Respondent 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 Respondent's: (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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

July 20th, 2014

Date: July 20, 2014



Lance B. Topol

Accepted by FINRA:

7/25/14
Date

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



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