

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037883101**

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

RE: Arnold Steven Janickas, Respondent
Former General Sales Representative
CRD No. 2968360

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Arnold Steven Janickas ("Janickas"), 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

In September 1997, Janickas entered the securities industry with a FINRA-regulated entity and was approved as a General Sales Representative ("GSR") in November 1997. Janickas remained associated with that entity until March 2000. Between March 2000 and March 2009, Janickas was associated as a GSR with various FINRA-regulated entities. In March 2009, Janickas joined Wayne Hummer Investments L.L.C. ("WHI" or the "Firm"), where he served as a GSR until August 5, 2013.

On August 6, 2013, WHI filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting the termination of Janickas's employment. Janickas is not currently associated with any FINRA-regulated entity. Accordingly, Janickas remains subject to FINRA's jurisdiction until August 4, 2015.

RELEVANT DISCIPLINARY HISTORY

Janickas has no relevant disciplinary history.

OVERVIEW

Between November 2010 and September 2011 (the "Relevant Period"), while associated with a FINRA regulated entity, Janickas accepted four unsecured personal loans totaling \$805,000 from a Firm customer without the Firm's knowledge or approval, in violation of FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240 prohibits a GSR from borrowing money from a customer except in certain narrowly defined circumstances and where the member has written procedures allowing borrowing from a customer. In any lending arrangement, the member firm must pre-approve, in writing, the lending arrangement. A violation of FINRA Rule 3240 also constitutes a violation of FINRA Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principals of trade.

During the Relevant Period, the Firm's written policies and procedures permitted lending arrangements between registered persons and their customers only in certain narrowly defined circumstances. Further, all lending arrangements required the registered person to obtain written pre-approval from the Firm.

On November 18, 2010 and October 19, 2011, Janickas certified on Firm annual compliance questionnaires that he had reviewed the Firm's policies and procedures. Janickas further acknowledged that associated persons must not engage in unethical business practices, which include borrowing money or securities from, or lending money or securities to a customer.

During the Relevant Period, customer UJ, maintained a securities account at the Firm that was managed by Janickas. In November 2010, Janickas asked UJ for a \$550,000 loan to purchase a house (the "Residence"). Janickas and UJ verbally agreed to certain loan terms and Janickas sent UJ a promissory note incorporating the agreed upon loan terms. The promissory note required that Janickas pay UJ interest quarterly from January 2011 through September 2013, with a loan maturity date of December 31, 2013. On November 30, 2010, Janickas signed and mailed the promissory note to UJ.

On or about December 3, 2010, UJ executed the promissory note and wired \$550,000 to a joint bank account that Janickas maintained with his wife. Janickas accepted the \$550,000 unsecured loan from UJ without notifying or obtaining approval from the Firm. On or about March 23, 2011, Janickas used the loan

proceeds to purchase the Residence. Janickas did not record the loan from UJ against the Residence.

Thereafter, on April 11, 2011, June 1, 2011 and September 1, 2011, Janickas accepted additional unsecured loans from UJ of \$75,000, \$100,000, and \$80,000, respectively. Janickas borrowed the additional \$255,000 from UJ for renovations to the Residence. Janickas used the loan funds from UJ for other purposes unrelated to the renovations to the Residence. The loans were not memorialized in writing. However, Janickas was expected to repay the loans by December 31, 2013. Janickas accepted each loan without notifying or obtaining approval from the Firm.

In September 2013, Janickas sold the Residence for \$675,000. After a loan taken against the property was repaid, the balance of the sale proceeds of \$444,882.17 was sent directly to UJ, reducing the loan balance to approximately \$360,117.83, plus interest. Janickas has not repaid the balance of the loan.

Accordingly, Janickas violated FINRA Rules 3240 and 2010 by borrowing funds from a Firm customer, in violation of the Firm's policies and procedures.

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

- a two-year suspension from association with any FINRA member in any capacity;
- a \$5,000 deferred fine; and
- deferred restitution of \$360,117.83, plus interest.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

An order to pay restitution to UJ in the amount of \$360,117.83, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from September 1, 2011, until the date of payment. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm following the suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. The imposition of a restitution order or any other monetary sanction

herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate UJ after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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 General Counsel, 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 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.

4/11/2014
Date

Arnold Steven Janickas
Arnold Steven Janickas, Respondent

Accepted by FINRA:

5.6.14
Date

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

R.R. Best
Richard R. Best
Chief Counsel
FINRA Department of Enforcement
One World Financial Center, 11th Floor
200 Liberty Street
New York, New York 10281
Phone: (646) 315-7308
Facsimile: (202) 689-3424
richard.best@finra.org