

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Jeffrey S. Torrison (CRD No. 1695663),

Respondent.

Disciplinary Proceeding
No. 2013038071201

Hearing Officer - RS

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: August 30, 2016

INTRODUCTION

Disciplinary Proceeding No. 2013038071201 was filed on December 17, 2015, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Jeffrey S. Torrison submitted an Offer of Settlement (Offer) to Complainant dated August 25, 2016. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of

findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Torrison first entered the securities industry in 1987, when he associated with a FINRA member firm. Between 1987 and 1999, Torrison was associated with two different FINRA member firms. Torrison has been registered with FINRA through FINRA member firm National Planning Corporation ("NPC") since July 1, 1999. Torrison holds the following licenses: Investment Company Shares and Variable Contracts Representative and General Securities Representative. Since 1995, Torrison has also been associated with a Registered Investment Adviser firm as an Investment Adviser Representative. Torrison is subject to FINRA's jurisdiction because he is currently associated with NPC, a FINRA member firm, and the conduct described herein occurred while he was associated with NPC.

Respondent Torrison has no prior disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Respondent Jeffrey S. Torrison willfully failed to timely amend his Form U4 Uniform Application for Securities Industry Registration ("Form U4") to disclose a federal tax lien that was filed against him in June 2012. Torrison received notice of the lien in June 2012 but failed to disclose the lien to his firm until late December 2012. Torrison's willful failure to timely amend his Form U4 to disclose the federal tax lien was in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

In addition, Torrison made a false attestation to his employing FINRA member firm on an annual compliance questionnaire through which he failed to disclose the same lien.

Torrison's false attestation to his employer violated FINRA Rule 2010.

FIRST CAUSE OF ACTION
Willful Failure to Timely Amend Form U4
(Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010)

A person registering with FINRA must comply with FINRA's By-Laws by filing a complete and accurate Form U4. Article V, Section 2(c) of FINRA's By-Laws generally provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

FINRA Rule 1122 provides, "No member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." FINRA Rule 2010 requires the observance of high standards of commercial honor and just and equitable principles of trade. At all times relevant to this Complaint, Question 14M of the Form U4 asked: "Do you have any unsatisfied... liens against you?" If an affirmative answer is given to Question 14M, the registered person is required to provide details about the lien.

On June 19, 2012, the Internal Revenue Service ("IRS") filed a notice of a federal tax lien with the Jefferson County of Colorado County Clerk and Recorder's Office on property owned by Torrison. The lien was the result of Torrison's failure to pay his 2009 and 2010 federal taxes. For 2009, the outstanding lien amount was \$10,589.00. For 2010, the outstanding lien amount was \$16,399.24. The lien was not released by the IRS until January 30, 2013.

On or about June 19, 2012, the IRS sent by certified mail a Notice of Federal Tax Lien Filing to Torrison, addressed to Torrison at his primary residence, informing Torrison of the filing of the above-described lien. Torrison received the Notice of Federal Tax Lien Filing shortly thereafter. Torrison therefore was on notice regarding the lien shortly after it was filed on June 19, 2012. Torrison concealed the existence of the above-referenced lien from NPC until a partner at his Registered Investment Adviser firm discovered the existence of the lien in December 2012 and caused Torrison to disclose it to NPC.

Torrison failed to timely update his Form U4 to disclose that he had an unsatisfied lien. Specifically, Torrison failed to file or cause to be filed a supplementary amendment to his Form U4 within 30 days after learning of the above-described lien. Specifically, while associated with NPC, Torrison's Form U4 was not updated to disclose the June 2012 lien until November 18, 2013, despite the fact that Torrison had notice of the lien on or about the time that the lien was filed. Torrison's failure to amend his Form U4 in accordance with the timeframe set forth in Article V, Section 2 of FINRA's By-Laws was willful. By willfully failing to timely update his Form U4 to disclose the June 2012 lien, Torrison violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

SECOND CAUSE OF ACTION
False Attestation on Firm's Annual Compliance Questionnaire
(FINRA Rule 2010)

While associated with NPC, on or about November 14, 2012, Torrison misled his firm by falsely completing the NPC Annual Compliance Questionnaire and Certification. Torrison's misrepresentation consisted of answering "No" to the question, "[s]ince your last annual compliance questionnaire have you been the subject of any pending or historical action that you are a party to, such as civil actions, bankruptcies, liens, judgments, compromises with creditors,

arbitrations, criminal charges, regulatory censures . . .?” At the time Torrison completed the NPC Annual Compliance Questionnaire and Certification, he was aware of the June 2012 lien’s existence, but falsely represented to NPC that he was not the subject of an unreported lien. By his actions, Torrison failed to observe high standards of commercial honor and just and equitable principles of trade and violated FINRA Rule 2010.

Based on the foregoing, Respondent violated Article V, Section 2(c) of FINRA’s By-Laws and FINRA Rules 1122 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be

- Suspended for twenty-business days from any FINRA member firm in all capacities; and
- Fined in the amount of \$5,000.

Respondent agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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



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