

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038871702**

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

RE: David Keith Garrow, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 2885649

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, David Keith Garrow ("Garrow"), 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

Garrow entered the securities industry in April 1997 when he became associated with a FINRA-regulated entity and was approved as an Investment Company Products/Variable Contracts Representative ("IR") on April 28, 1997. Garrow remained associated with that entity until July 2002. Thereafter, between July 2002 and August 2011, Garrow was associated as an IR with a number of FINRA-regulated entities. In August 2011, Garrow became associated as an IR with Commonwealth Financial Network (the "Firm"), where he remained until September 30, 2013.

On October 1, 2013, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting the termination of Garrow's association with the Firm. On November 1, 2013, the Firm filed a Form U5 Amendment reporting for the first time that during Garrow's association with the Firm, he obtained an unapproved loan from a customer. Accordingly, pursuant to

Article V, Section 4 of FINRA's By-Laws, FINRA maintains jurisdiction over Garrow until at least October 28, 2015.

RELEVANT DISCIPLINARY HISTORY

Garrow has no previous disciplinary history.

OVERVIEW

In or about June 2012, while associated with a FINRA-regulated entity, Garrow entered into a loan agreement with a customer of his FINRA-regulated employer without the Firm's knowledge or approval, in violation of FINRA Rules 3240 and 2010. Further, between June 2012 and September 2013, Garrow willfully failed to amend his Uniform Application for Securities Industry Registration ("Form U4") to disclose a civil judgment, in violation of Article V, Section 2(c) of FINRA By-Laws, and FINRA Rules 1122 and 2010. In addition, Garrow failed to timely respond to requests by FINRA for information in violation of FINRA Rule 8210.

FACTS AND VIOLATIVE CONDUCT

Garrow's Loan from a Firm Customer

FINRA Rule 3240(a) prohibits registered persons from lending money to or borrowing money from their customers unless the firm has written procedures allowing such lending arrangements and one or more of the following conditions exists: (1) the customer is a member of such person's immediate family; (2) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the associated person not maintained a relationship outside of the registered representative/customer relationship; (3) the lending arrangement is based on a business relationship outside of the registered representative-customer relationship; or (4) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans and is acting in the regular course of business. FINRA Rule 3240(b) also requires registered persons to notify their member firms and obtain written approval of any borrowing arrangements. 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 June 2012, the Firm's policies prohibited its registered representatives and associated persons from borrowing money or securities from or lending money or securities to a customer. However, the Firm permitted lending arrangements in the types of situations identified within FINRA Rule 3240. The Firm required its registered representatives and associated persons to obtain written approval prior to participating in any lending arrangement.

In 2012, WZ and ZZ (the "Z Family"), were customers of Garrow at the Firm. The Z Family members are not related to Garrow, did not have a business relationship with Garrow outside the registered representative/customer relationship, and were not a financial institution engaged in lending.

In June 2012, Garrow agreed to purchase a used automobile from the Z Family for \$2,000. Garrow paid the Z Family \$900 in cash and agreed to pay the remaining \$1,100 over time. The lending arrangement was not documented and Garrow was not required to pay interest or repay the loan by a specified date. Garrow neither sought nor received approval from the Firm to accept the loan from the Z Family. Garrow repaid the loan in October 2013.

Accordingly, Garrow violated FINRA Rules 3240 and 2010 by borrowing from a Firm customer.

Garrow's Willfull Failure to Disclose a Civil Judgment

FINRA By-Laws, Article V, Section 2(c) requires that registered representatives ensure that their applications for registration remain current. Further, a registered representative's application for registration is required to be updated within 30 days of a registered representative learning of the facts or circumstances giving rise to an amendment. FINRA Rule 1122 states that "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."

On April 23, 2012, while Garrow was associated with the Firm, a civil judgment for \$9,294.65 was entered by the Wisconsin Circuit Court in favor of a commercial bank against Garrow. Garrow received notice of the judgment in May 2012. Question 14M of the Form U4 asks:

"Do you have any unsatisfied judgments or liens against you?"

Garrow was required to amend his Form U4 within 30 days of receiving notice of the judgment with a "Yes" response to Question 14M. However, Garrow willfully failed to update his Form U4 to reflect the judgment.

By willfully failing to amend his Form U4 to report a civil judgment, Garrow willfully violated Article V, Section 2(c) of the FINRA By-Laws, and FINRA Rules 1122 and 2010.

Garrow's Failure to Timely Respond to 8210 Requests

FINRA Rule 8210 "requires that a member, or person associated with a member, or person subject to the Association's jurisdiction to provide information orally, in writing, or electronically...with respect to any matter involved in the investigation, complaint, examination, or proceeding." The failure to timely respond to requests for information violates FINRA Rule 8210.

Garrow failed to timely respond to two requests for documents and information sent pursuant to FINRA Rule 8210. FINRA sent letters to Garrow on November 8, 2013 and November 25, 2013. The letters required Garrow to provide a written statement and documents regarding allegations that Garrow accepted a \$1,100 loan from a customer of his member firm employer. Garrow's responses to the letters were due on November 22, 2013 and December 9, 2013, respectively. Garrow was properly served with the letters via certified mail, return receipt requested and first class mail at his last known address listed in the Central Registration Depository. Garrow failed to respond to the requests within the prescribed time period.

On March 7, 2014, FINRA initiated an expedited proceeding, pursuant to FINRA Rule 9552. As part of that proceeding, FINRA sent Garrow a letter notifying him that his registration with FINRA would be suspended on March 31, 2014, and on June 10, 2014 he would be barred from associating with any FINRA member in any capacity for failing to respond to FINRA's requests for information. On May 22, 2014, Garrow responded to the November 8, 2013 and November 25, 2013 letters by providing the information requested.

Based upon Garrow's failure to timely provide the information requested in FINRA's November 8, 2013 and November 25, 2013 letters, Garrow violated FINRA Rules 8210 and 2010.

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

- An 11 month suspension from association with any FINRA member in any capacity; and
- a \$12,500 deferred fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 11 month 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.

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).

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.

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.

9-8-14
Date

David K. Garrow
David Keith Garrow, Respondent

Accepted by FINRA:

9.17.14
Date

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

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