

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2014039283801**

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

RE: Bridge Capital Associates, Inc., Respondent  
FINRA Member Firm  
BD No. 143475

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Bridge Capital Associates, Inc. ("BCA") 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 BCA alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. BCA hereby accepts and consents, 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**

BCA has been a FINRA member since July 18, 2007. BCA has over 30 registered representatives who operate out of its main office located in Lilburn, Georgia and almost 20 branch offices. BCA derives all of its revenues from private placements of debt and equity and advising clients on mergers and acquisitions. BCA had over \$20 million in total revenue for the last four quarters, but income of slightly over \$267,000. BCA does not have any relevant disciplinary history.

**OVERVIEW**

During the period from December 10, 2012 through December 31, 2013 ("Relevant Period"), BCA provided investors with advertising materials, in connection with eight private offerings, that failed to disclose fees paid prior to the commencement of each offering to an entity owned by two registered representatives associated with BCA for tax, legal and real estate consulting services, in violation of NASD Conduct Rule 2210(d)(1)(A) (for conduct prior to February 4, 2013) and FINRA Rules 2210(d)(1)(A) (for conduct commencing on February 4, 2013) and 2010.

**FACTS AND VIOLATIVE CONDUCT**

**Advertising Rule**

FINRA Rule 2210(d)(1)(A)<sup>1</sup> provides that communications by FINRA member firms with the

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<sup>1</sup> FINRA Rule 2210(d)(1)(A) superseded NASD Conduct Rule 2210(d)(1)(A) on February 4, 2013.

public may not “omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading.” A private placement memorandum provided to customers in connection with a private placement offering meets the definition of “correspondence” in FINRA Rule 2210(a)(2). Moreover, it is not necessary to show that a respondent acted intentionally in disseminating the misleading communication to violate FINRA Rule 2210. A violation of FINRA Rule 2210 further violates FINRA Rule 2010.

### **Sales of Private Placement Offerings**

During the Relevant Period, BCA sold eight real estate private placement offerings to accredited investors through investment advisors. Each of the private placements offered units in a limited liability company. Each limited liability company offered two proposals for the land they owned: an Investment Proposal and a Conservation Proposal. The Investment Proposal would involve the potential improvement, use, sale or development of the real estate, while the Conservation Proposal would involve the grant of a conservation easement on a portion of the real estate owned by the limited liability company. A conservation easement is a voluntary, legally binding agreement that limits certain types of uses or prevents development from taking place on a piece of property now and in the future, while protecting the property’s ecological or open-space value.

### **The Communications**

BCA prepared private placement memoranda (“PPMs”) in connection with the eight real estate private placement offerings. While the PPMs for each of the offerings disclosed certain compensation paid to an entity owned by two registered representatives associated with BCA, the PPMs failed to disclose fees paid to this entity prior to the commencement of each offering for tax, legal and real estate consulting. These undisclosed fees paid to an entity owned by two registered representatives associated with BCA ranged from 4.6% up to 26.8% of the total compensation paid to the entity in connection with the offerings. BCA was aware of the initial consulting fees paid to the entity owned by two registered representatives associated with BCA in each offering, reviewed the PPMs and provided the PPMs to investors. BCA failed to ensure that the PPMs contained all material facts including complete disclosures of the initial consulting fees paid prior to the commencement of each offering. BCA provided the PPMs for each of the eight offerings to investors in connection with their investments.

As a result of the foregoing conduct, BCA violated NASD Conduct Rule 2210(d)(1)(A) (for conduct prior to February 4, 2013) and FINRA Rules 2210(d)(1)(A) (for conduct commencing on February 4, 2013) and 2010.

B. BCA also consents to the imposition of the following sanctions:

- A censure and a \$20,000 fine.

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

BCA specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

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

- A. To have a Complaint issued specifying the allegations against BCA;
- 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, BCA 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.

BCA 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**

BCA 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 BCA; and
- C. If accepted:
  - 1. This AWC will become part of BCA's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against BCA;
  - 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. BCA 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. BCA 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 BCA'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.

- D. BCA may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. BCA understands that it 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.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that BCA has 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 BCA to submit it.

Bridge Capital Associates, Inc.

December 8, 2016  
Date

By: Caroline Wisniewski  
Caroline Wisniewski, President

Accepted by FINRA:

12/12/2016  
Date

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

William Brice La Hue  
William Brice La Hue, Senior Regional Counsel  
FINRA, Department of Enforcement  
One Securities Centre, Suite 500  
3490 Piedmont Road, N.E.  
Atlanta, Georgia 30305  
(404) 239-6111; Fax: (404) 264-1586  
E-Mail: brice.lahue@finra.org  
teresa.reich@finra.org (senior paralegal)