

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2014039785201**

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

RE: David Chapman, (CRD No. 1702066)  
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, David Chapman ("Chapman"), 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 1988, Chapman became registered with FINRA as a General Securities Representative through Pruco Securities, LLC (BD No. 5685) ("Pruco" or the "Firm").

In December 2013, Pruco terminated Chapman's employment following an internal investigation based, in part, on the conduct alleged herein. Pruco provided the following explanation on Chapman's Uniform Termination Notice for Securities Industry Registration ("Form U5"): "Registered representative submitted for processing, reinstatement documentation for a property and casualty policy without the client's authorization that also contained a non-genuine client signature . . ."

Chapman is not currently registered with FINRA. However, pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over him.

## **RELEVANT DISCIPLINARY HISTORY**

Chapman has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

## **OVERVIEW**

Chapman forged the signature of a deceased customer on a document necessary to renew the customer's lapsed automobile insurance policy. He also provided false information to FINRA concerning the renewal of the customer's automobile insurance policy.

## **FACTS AND VIOLATIVE CONDUCT**

1. In or about December 2012, Chapman received notification that an automobile insurance policy he had sold to customer CL in June 2012 had lapsed due to non-payment. In order to reinstate the policy, the insurance company required that the customer sign and submit a "no loss" letter, evidencing that there had not been any accidents or claims associated with the previously insured automobile during the intervening period. In addition, CL was required to pay an outstanding premium of \$164.

In or about January 2013, Chapman signed CL's name to a no loss letter without her consent or authority and submitted the letter to the insurance company to reinstate the insurance policy. At the time Chapman signed this letter, CL was deceased. Chapman also arranged for his assistant to pay the outstanding premium on the policy using the assistant's personal credit card.

As a result of reinstating CL's automobile insurance policy, Chapman earned a quarterly bonus of \$325 from Pruco.

Based on the foregoing, Chapman violated FINRA Rule 2010.

2. On February 19, 2014, FINRA staff sent Chapman a letter pursuant to FINRA Rule 8210 seeking a written explanation concerning several items of information related to Pruco's Form U5 termination disclosure. On February 27, 2014, Chapman provided a written response to FINRA. In this response, Chapman claimed that CL's sister-in-law had signed the no loss letter in question pursuant to a power of attorney. He further claimed that CL's sister-in-law paid the outstanding premium in order to have CL's automobile insurance policy reinstated.

Both of these statements were false. In fact, Chapman signed CL's name to the no loss letter and Chapman arranged for his assistant to pay the outstanding premium on CL's lapsed automobile insurance policy.

Based on the foregoing, Chapman violated FINRA Rules 8210 and 2010.

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

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

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.

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

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.

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.

12/08/2014  
Date (mm/dd/yyyy)

  
David Chapman  
Respondent

Accepted by FINRA:

12/23/14  
Date

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

  
Michael J. Newman  
Senior Regional Counsel  
FINRA Department of Enforcement  
581 Main Street, Suite 710  
Woodbridge, New Jersey 07095  
Phone: (732) 596-2030  
Fax: (202) 721-6557