

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040642701**

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

RE: John L. Shockey, Respondent
Former Registered Representative
CRD No. 4500774

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, John L. Shockey ("Shockey" or "Respondent") 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

Shockey first entered the securities industry in January 2002. In July 2005, Shockey became associated with FINRA-member firm Merrill Lynch, Pierce, Fenner & Smith, Inc. ("MLCO") where he was registered as a General Securities Representative. Shockey resigned from MLCO in February 2014 while under review for facilitating private securities transactions and engaging in an outside business activity. Subsequent to MLCO, Shockey was registered with other FINRA members until February 2016. He is not currently registered with a FINRA member, but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Shockey has no disciplinary history.

OVERVIEW

Between September 2013 and February 2014, while registered with MLCO, Shockey participated in two dozen private securities transactions involving Miami International Holdings, Inc. ("MIH"), the parent holding company of the MIAX Options Exchange. Shockey did not provide written notice to MLCO prior to participating in these transactions. Shockey sold 49,000 shares of MIH he personally owned to 18 individuals, five of whom were MLCO customers. The shares were not registered and the transactions were not exempt from registration. Shockey also referred seven individuals, two of whom were MLCO customers, to MIH and they purchased 52,400 shares directly. In total, 24 individuals purchased 101,650 MIH shares for approximately \$633,750.

By participating in private securities transactions without providing prior written notice to his firm, Shockey violated NASD Rule 3040¹ and FINRA Rule 2010. By participating in the sale of unregistered securities in contravention of Section 5 of the Securities Act of 1933 ("Securities Act"), Shockey violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Section 5 of the Securities Act prohibits the offer or sale of any security unless there is a registration statement in effect as to that security or there is an exemption available for the securities transaction.

NASD Rule 3040 provided that "prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction . . ." Under the rule, a private securities transaction was "any securities transaction outside the regular course or scope of an associated person's employment with a member."

Between September 2013 and February 2014, while registered with MLCO as a General Securities Representative, Shockey facilitated sales of MIH shares to 24 individuals by selling them MIH shares he owned or by referring clients directly to MIH to purchase shares. Shockey did not provide written notice to MLCO prior to participating in these transactions. Specifically, Shockey:

- Sold 49,000 shares of MIH he personally owned to 18 individuals, five of whom were MLCO customers, for approximately \$306,250 (\$6.25/share). The shares were not registered and the transactions were not exempt from registration. Shockey purchased the shares directly from MIH between September 2012 and November 2013. He earned \$70,070 in profit on the transactions.
- Referred seven individuals, two of whom were MLCO customers, to MIH to purchase 52,400 shares of MIH for approximately \$327,500 (\$6.25/share).

¹ FINRA Rule 3270 replaced NASD Rule 3040 on September 21, 2015.

In total, Shockey participated in private securities transactions with 24 individuals, six of whom were MLCO customers, who purchased 101,650 shares of MIH for approximately \$633,750. At the time of the transactions, the shares of MIH were not registered and no exemption from registration applied.

By participating in private securities transactions without providing prior written notice to his firm, Shockey violated NASD Rule 3040 and FINRA Rule 2010. By participating in the sale of unregistered securities in contravention of Section 5 of the Securities Act, Shockey violated FINRA Rule 2010.

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

- a suspension from association with any FINRA member in any capacity for a period of one year;
- a fine of \$15,000; and
- disgorgement in the amount of \$70,070 to be paid to FINRA plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from September 14, 2013 until the date this AWC is accepted by the NAC.

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

Disgorgement shall be due and payable either immediately upon reassociation with a member firm following the one-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.

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 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:

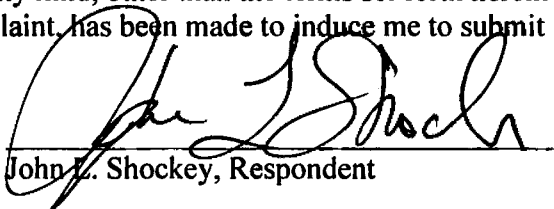
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. 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.

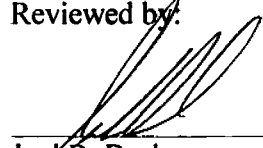
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

02/25/2016

Date (mm/dd/yyyy)


John L. Shockey, Respondent

Reviewed by:


Joel R. Beck
Counsel for Respondent
The Beck Law Firm, LLC
232 West Crogan Street, Suite C
PO Box 1266
Lawrenceville, GA 30046
(678) 344-5342

Accepted by FINRA:

3/28/16
Date

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


James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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