

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040860301**

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

**RE: Akio Lawrence Bley, Respondent
General Securities Representative
CRD No. 4228333**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Akio Lawrence Bley ("Bley") entered the securities industry in April 1998 as a client associate with Merrill Lynch, Pierce, Fenner & Smith, Inc., where he later served as a registered representative ("RR"). In January 2004, Bley joined the Philadelphia, PA office of Mutual Service Corporation ("MSC" or "the Firm"), also as an RR, and remained registered with the Firm until April 2009. Since that time, Bley has been registered with Principal Securities, Inc., where he remains to date.¹

On November 23, 2003, Bley began working as a benefits consultant for Insurance Company ABC. During 2007 and 2008, Bley worked for Insurance Company ABC and was contemporaneously registered with the Firm.

¹ Prncor Financial Services Corporation changed its name to Principal Securities Inc. in April 2016.

Bley obtained his Series 7 (General Securities Representative) and 66 (Uniform Combined State Law Examination) securities licenses in August 2000.

On April 11, 2014, the Firm filed a Form 4530 Disclosure and Complaint Filing reporting that on January 26, 2011, Bley settled a non-Firm related civil litigation for \$56,000. This civil lawsuit was initiated by RW, an individual with whom Bley jointly invested in two private securities transactions that are the subject of this AWC - American Minority Credit Counseling Association ("American Credit") and Tiare Technologies Inc. ("Tiare").

FINRA retains jurisdiction over Bley based on his current association with a FINRA-member firm.

RELEVANT DISCIPLINARY HISTORY

In June 2015, the NYS Department of Financial Services fined Bley \$750 for failing to disclose the above-referenced lawsuit on his application for an insurance license.

OVERVIEW

Beginning in 2006 until at least April 2008, Bley engaged in two private securities transactions away from the Firm - American Credit and Tiare - involving his own personal investment and that of a non-Firm customer, without first providing written notice to and receiving approval from his FINRA member employer.

By the foregoing, Bley violated NASD Rules 3040 and 2110.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits associated persons from participating in any manner in a private securities transaction, without providing prior written notice to his or her FINRA-member employer and, in certain circumstances, without first receiving the Firm's written approval. The notice to engage in such transactions must be provided to the firm before the transactions take place. NASD Rule 3040(e)(1) defines a private securities transaction as "any securities transaction outside the regular course and scope of an associated person's employment with a member ..." NASD Rule 3040 applies to both sales and purchases of securities.

NASD Rule 2110 requires that a member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade. Violating NASD Rule 3040 constitutes a separate violation of NASD Rule 2110.

Unapproved Security Investments in American Credit

In 2005, Bley learned about American Credit from TA, a customer of Insurance Company ABC. TA told Bley that American Credit matched homeowners with individual investors willing to provide funds to pay down the homeowners' bills, and found mortgage companies to help refinance their homes. Money from the refinancing would then be used to repay the individual investors' loans at high interest rates.

Bley began investing in American Credit in 2006 and continued his participation in this private securities transaction until April 2008. Bley invested approximately \$50,000 in American Credit in 2006. In connection with his 2006 American Credit investment, Bley received a return of his principal plus interest.

In late 2006, RW, another employee of Insurance Company ABC, expressed an interest in investing in American Credit. RW suggested that she and Bley pool funds to make additional investments in American Credit and that the investments be held in Bley's name. Bley agreed to forward to RW her portion of any payment he received from American Credit in connection with the RW/Bley investment. During 2007, Bley and RW invested approximately \$160,000 in American Credit with Bley contributing about \$100,000 and RW contributing \$60,000. During 2006 and 2007, Bley's total personal investment in American Credit was approximately \$150,000. During this same period, the total amount invested in American Credit in Bley's name, including RW's contribution, was approximately \$210,000. Bley did not receive any sales commissions from the joint investment but did receive some returns on his joint investment with RW in American Credit.

In exchange for each investment, Bley received a note issued by American Credit. Each of the notes had maturity dates of nine months or longer. The notes issued by American Credit in connection with the referenced investments were securities.

American Credit made three payments to Bley during 2008, one each in January, March and April of that year. Bley forwarded to RW a total of \$5,640 representing her portion of the funds he received from American Credit in 2008.

There were no additional payments made by American Credit related to the joint investment, as American Credit was exposed as a fraud in 2008, and the balance of Bley's and RW's joint investment was lost.

Bley failed to provide to MSC written notice of his participation in the American Credit private securities transactions or receive the Firm's approval prior to participating in those transactions.

Unapproved Security Investments in Tiare

In 2007, Bley learned of an investment opportunity in a "friends and family" round of financing for a start-up company called Tiare. RW also learned of this investment opportunity, and asked to participate in Bley's investment. In January 2007, Bley invested \$100,000 in Tiare, including \$56,000 provided by RW. As before, Bley agreed to distribute any returns on the joint investment on a pro rata basis. In exchange for this investment, Bley received a stock certificate issued in his name documenting the number of shares purchased. According to a "Form D - Notice of Sale of Securities" filed by Tiare with the SEC, Bley's shares accounted for at least 10% of the outstanding shares of the company. The share certificates issued by Tiare in connection with the referenced investments represented securities. This was Bley's only investment in Tiare. Bley did not receive any sales commissions in connection with the joint Tiare investment or returns from that investment.

Bley failed to provide to MSC written notice of his participation in the Tiare private securities transactions or receive the Firm's approval prior to participating in the Tiare transaction.

Based on the foregoing, Bley violated NASD Rule 3040 and NASD Rule 2110.

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

- A 3-month suspension from association with any member firm in any capacity;
- A fine of \$5,000.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

12/09/2016
Date (mm/dd/yyyy)


Akio Lawrence Brey, Respondent

Reviewed by:


Justin J. D'Elia, Esq.
Counsel for Respondent
Duane Morris LLP
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New York, NY 10036
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Accepted by FINRA:

January 9, 2017
Date

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


Susan Light
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FINRA Department of Enforcement
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