

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040876601**

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

RE: Fernando Alberto Morgan, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 1200619

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

Fernando Alberto Morgan entered the securities industry in March 1999 when he became associated with Allstate Financial Services, LLC ("Allstate"). Morgan is currently registered with Allstate as an Investment Company Products/Variable Contracts Representative.

OVERVIEW

Between February 2010 and October 2013 (the "relevant period"), while associated with Allstate, Morgan wilfully failed to amend his Form U4 in a timely manner to disclose six federal tax liens in violation of Article V, Section 2(c) of the FINRA By-Laws, FINRA Rule 1122, and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Facts:

During the period February 2010 and October 2013, the Internal Revenue Service ("IRS") filed six federal tax liens against Morgan. Specifically:

- On February 25, 2010, the IRS filed a tax lien against Morgan for deficient taxes in the amount of \$277,765.65 in connection with the tax years 2005 and 2006;
- On August 12, 2011, the IRS filed a tax lien against Morgan for owed taxes in the amount of \$25,298.19 in connection with the 2009 tax year;
- On January 13, 2012, the IRS filed a tax lien against Morgan in the amount of \$19,874.81 for the 2010 tax year;
- On July 30, 2012, the IRS filed a tax lien against Morgan for \$40,399.29 for the 2007 tax year;
- On August 29, 2012, the IRS filed a tax lien against Morgan for \$38,511.38 in connection with the 2008 tax year;
- On April 29, 2013, the IRS filed a tax lien against Morgan for \$14,943.43 in connection with the 2011 tax year.

Morgan received notice of these liens from the IRS. However, he did not amend his Form U4 to reflect the liens until October 8, 2013. Morgan amended his Form U4 to reflect the liens in October 2013 after Allstate discovered an email between Morgan and his CPA referencing an IRS tax lien.

Violations:

Article V, Section 2(c) of FINRA's By-Laws of the Corporation provides that "[e]very application for registration [Form U4] filed with the corporation shall be kept current at all times by supplementary amendments ... not later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 provides that "[n]o member or associated 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."

At all times during the relevant period, Question 14M of the Form U4 asked: "Do you have any unsatisfied judgments or liens against you?"

As described above, Morgan wilfully failed to timely amend his Form U4 to reflect the six federal tax liens filed against him. As a result, Morgan violated Article V, Section 2(c) of the FINRA By-Laws and FINRA Rule 1122. By virtue

of these violations, Morgan also violated FINRA Rule 2010.

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

- A three-month suspension from associating with any FINRA member in any capacity;
- A \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 imposed in this matter. 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.

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.

Sep 23, 2014
Date

Fernando Alberto Morgan
Respondent

Accepted by FINRA:

October 6, 2014
Date

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

A handwritten signature in black ink, appearing to read "Joshua R. Doolittle", is written over a horizontal line.

Joshua R. Doolittle
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FINRA Department of Enforcement
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