

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041510701**

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

RE: George L. Divel (CRD No. 3102446),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, George L. Divel ("Divel" 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

In August 1998, Divel first became registered with FINRA as a General Securities Representative. From August 1998 through February 2008, Divel was registered as a General Securities Representative through two FINRA member firms. Since February 2008, Divel has been registered with FINRA as a General Securities Representative through Capitol Securities Management, Inc. ("Capitol"). Divel is currently registered with Capitol.

RELEVANT DISCIPLINARY HISTORY

In 2007 and 2008, Divel was disciplined by state securities regulators in Maryland and Connecticut for engaging in unauthorized securities transactions in the trust accounts of two elderly clients. Maryland suspended Divel for 90 days and fined him \$50,000, while Connecticut barred Divel with the right to reapply for registration after seven years.

OVERVIEW

While associated with a FINRA member firm, Divel willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose a civil judgment in the amount of \$523,093.47. As a result, he violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(c) of FINRA's By-Laws provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments, which must be filed within thirty days after learning of the facts or circumstances giving rise to the amendment.

FINRA Rule 1122 provides that: "No member or 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."

Question 14M of Form U4 asks: "Do you have any unsatisfied judgments or liens against you?"

The failure to timely disclose all information required by the Form U4, including unsatisfied judgments, constitutes a violation of Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

In May 2010, a bank obtained a civil judgment in the amount of \$523,093.47 against Divel in connection with the non-payment of a commercial mortgage loan. Divel had notice of the judgment but did not amend his Form U4 to report the judgment until April 2015.

By willfully failing to amend his Form U4 to disclose the judgment, Divel violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

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

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

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

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 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;
 - 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; and
- 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.

06 / 30 / 2015
Date (mm dd yyyy)


Respondent George L. Divel

Reviewed by:

Janet K. DeCosta, Esq.
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Accepted by FINRA:

July 16, 2015
Date

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


Karen C. Daly
Principal Regional Counsel
FINRA Department of Enforcement
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