

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041898801**

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

RE: Patrick Richard Harrison, Respondent
Former Registered Representative
CRD No. 4976695

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 Respondent 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

Patrick Richard Harrison ("Harrison") first entered the securities industry in October 2005 and first registered with FINRA as an investment company products/variable contracts representative (Series 6) in November 2005. He subsequently obtained a general securities representative (Series 7) license. After registration at other FINRA member firms, he registered as a Series 6 and Series 7 representative with CUSO Financial Services, L.P. ("CFS") in August 2013. CFS terminated his registration on July 24, 2014 and he has not been registered with a FINRA member firm since. Although Harrison is no longer associated with a FINRA member, FINRA retains jurisdiction over Harrison pursuant to Article V, Section 4(a), of the FINRA By-Laws.

OVERVIEW

In April 2014, while associated with CFS, Harrison participated in private securities transactions without prior notice to CFS, and made material misstatements and omissions to investors in connection with those transactions, thereby violating FINRA Rule 2010 and NASD Rule 3040.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 provides in relevant part 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.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade. Misrepresentations or omissions of material fact are inconsistent with, and violate, Rule 2010.

In April 2014, while associated with CFS and without notice to CFS, Harrison participated in a series of private securities transactions when he introduced two senior investors, R.M. and M.S., to B.W., who purported to sell the investors discounted shares in a publically-traded regional bank. In addition to making the introductions, Harrison participated in phone calls involving the investors and B.W., and assisted in the mechanics of having funds transferred or deposited with B.W. and/or entities he controlled. During the same period, Harrison received over \$14,000 from B.W. B.W. ultimately never delivered any shares to the investors, who lost over \$340,000 as a result.

In addition to participating in the transactions, Harrison also made material misstatements and omissions concerning the investment to the investors, including, for example, that the investors could make a quick profit as a result of the discounted share price. Harrison further failed to adequately respond to red flags that the investment "opportunity" being presented was not genuine, including, for example, subsequent requests by B.W. to the investors that they pay large additional amounts for alleged registration and other fees.

By virtue of the above, Harrison violated FINRA Rule 2010 and NASD Rule 3040.

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

A bar in all capacities from associating with any FINRA member.

I understand that if I am barred 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.¹

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar 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.

¹ See FINRA Rules 8310 and 8311.

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.

11/14/14

Date (mm/dd/yyyy)



Patrick Richard Harrison, Respondent

Accepted by FINRA:

November 19, 2014
Date

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



David L. Fenimore

Senior Counsel

FINRA Department of Enforcement

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