

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042274801**

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

NOV 16 2015

RE: Timothy Rodgers ("Rodgers")
General Securities Representative ("GSR")
CRD No. 735129

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

Rodgers first entered the securities industry in 1981 with an NASD-regulated entity. He was approved as a GSR on June 22, 1981. Thereafter, he became associated with several NASD and FINRA-regulated firms until he became associated with Wells Fargo Advisors ("WFA" or the "Firm") in January 2008 as a GSR. Rodgers remained associated with WFA until his involuntary termination on July 14, 2014. WFA reported Rodgers' termination on his Form U5 dated August 12, 2014, reporting, among other things, that he had been terminated for engaging in private securities transactions without firm approval. Thereafter, Rodgers became associated with a FINRA-member firm where he was a GSR until October 9, 2015 when the firm voluntarily terminated his registration.

RELEVANT DISCIPLINARY HISTORY

Rodgers does not have any prior disciplinary history.

OVERVIEW

Between May 2010 and August 2012, Rodgers, a former GSR with WFA, participated in two private securities transactions that were not disclosed to or approved by WFA. In addition, Rodgers completed two annual Firm compliance questionnaires in which he falsely represented that he had disclosed all his private securities investments to the Firm. Accordingly, Rodgers violated NASD Rule 3040 and FINRA Rule 2010 by engaging in two unapproved private securities transactions and FINRA Rule 2010 by making false statements to the Firm on two annual compliance questionnaires.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits associated persons from participating in any manner in a private securities transaction outside their regular course of employment with a member firm, without providing prior written notice and receiving prior written approval from the member firm. NASD Conduct Rule 3040(d) states that a registered representative is not exempt from his notification obligations even if he has not and will not receive any compensation from the outside private securities transaction. NASD Rule 3040 defines a private securities transaction as "any securities transaction outside the regular course or scope of an associated person's employment with a member, including, though not limited to, new offerings of securities [that] are not registered with the SEC."

FINRA Rule 2010 requires registered representatives to observe high standards of commercial honor and just and equitable principles of trade.

In or about May 2010, Rodgers made an investment of approximately \$50,000 in a security related to a real estate development company, L.L. LLC ("LL"). Rodgers was a passive investor with no role in the management of LL. Rodgers failed to obtain approval from the Firm to make the investment.

On March 24, 2011, Rodgers completed the Firm's annual Registered Compliance Questionnaire ("Questionnaire") in which he failed to disclose the LL investment despite being asked to disclose all investments he had made in the prior 12-month period. Rodgers signed the Questionnaire certifying that the information he provided in the Questionnaire was accurate.

During the summer of 2012, Rodgers agreed to form K2, LLC ("K2") with three individuals, two of whom were Rodgers' WFA customers. On August 10, 2012, K2 was formed with the intention of pooling the investors' funds together to make a single investment of \$200,000 through K2 in HS, Inc. ("HS"), a security. Rodgers pledged \$50,000 of his own funds to the pool and was otherwise a passive investor in K2. Pursuant to WFA policies, GSRs were prohibited from pooling funds with Firm customers for the purpose of making joint investments.

On August 10, 2012, Rodgers submitted a request to the Firm seeking permission to invest in HS individually. Rodgers failed to disclose that he would first be making an investment in K2 and that he would be jointly investing with three individuals, including two firm customers, in HS.

On August 14, 2012, prior to the Firm approving Rodgers' request to invest in HS individually, K2 purchased a convertible note in the amount of \$200,000 from HS, \$50,000 of which represented Rodgers' investment. Rodgers did not receive approval from the Firm to invest in HS until August 16, 2012, and when approval was given, it was given only for him to invest individually in HS. At no time prior to or after obtaining approval did Rodgers disclose to the Firm that he had already invested jointly with other investors in HS through K2.

On January 25, 2013, Rodgers completed the Firm's 2012 Questionnaire in which he falsely stated that he had not made any investments in the prior 12-month period when in fact he had made an investment in K2 and participated in a joint investment in HS. Rodgers also falsely stated in the Questionnaire that he was not engaged in any joint business venture with a Firm client when in fact he had formed K2 with two Firm customers.

By investing in LL and jointly investing in HS through K2 without providing prior written notice and receiving prior written approval from the Firm, Rodgers violated NASD Rule 3040 and FINRA Rule 2010. Additionally, by providing false responses on the Firm's Questionnaires, Rodgers violated FINRA Rule 2010.

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

- A 5-month suspension from associating with any member of FINRA in any capacity; and
- A fine of \$10,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 5-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(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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).

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:

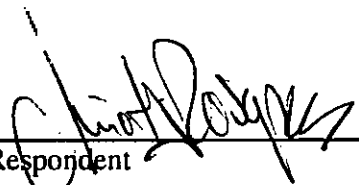
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of

the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

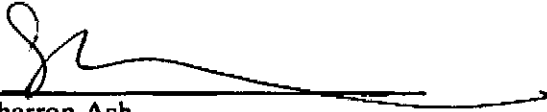
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against 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.

11-12-2015
Date


Respondent

Reviewed by:



Sharron Ash
Hamburger Law Firm
61 55 W. Palisade Ave.
Englewood, NJ 07631

Accepted by FINRA:

Nov. 24, 2015
Date

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



Michael S. Choi, Director
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