

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042606901**

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

RE: Jay Martin Chapler, Respondent
Former Registered Representative
CRD No. 2575511

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

Jay Martin Chapler ("Chapler") was licensed as a General Securities Representative with two firms between January 1995 and September 1998. He was not licensed again until June 2010 when he requalified as a General Securities Representative (Series 7) with Silver Leaf Partners, LLC ("Silver Leaf" or the "Firm"). Chapler's registration with Silver Leaf was terminated by Form U-5 filed on August 19, 2016. He is not currently associated with a FINRA member firm. Although Chapler is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-laws.

OVERVIEW

In 2012-2013, Chapler paid or caused to be paid transaction based compensation earned by Silver Leaf to an unregistered entity. In 2011-2012, Chapler failed to properly disclose all of his outside business activities to Silver Leaf. And, in

2012-2015, Chapler used a personal email account to conduct Silver Leaf business in a manner that caused the Firm to fail to preserve and maintain all such emails in its books and records. By virtue of the above, Chapler violated NASD Rule 2420 and FINRA Rules 3270, 4511, and 2010.

FACTS AND VIOLATIVE CONDUCT

Payments of Transaction Based Compensation to an Unregistered Entity

On April 25, 2012, Chapler, through a disclosed outside business, entered into a written agreement with an unregistered entity in which he agreed to pay 50% of certain transaction based compensation received through Silver Leaf to the unregistered entity. Pursuant to that agreement, Chapler, through his outside business, paid \$78,145.23 in transaction based compensation received by Silver Leaf from offshore entities to the unregistered entity between September 2012 and July 2013. Pursuant to the same agreement, in August 2013, Chapler directed an offshore Silver Leaf customer to pay transaction based compensation that was due to Silver Leaf directly to the unregistered entity. Based on Chapler's instruction, the customer wired \$121,583 in transaction based compensation directly to the unregistered entity.

NASD Rule 2420 generally prohibited the sharing of transaction based compensation with unregistered entities and people.¹ By virtue of his conduct described above, Chapler violated NASD Rule 2420 and FINRA Rule 2010.

Undisclosed Outside Business Activities

Chapler failed to disclose two outside business activities to Silver Leaf. He received compensation from both of these businesses in 2011 and reasonably expected to continue receiving compensation from at least one of these businesses in 2012. Chapler also failed to identify either outside business in the Firm's 2012 compliance questionnaire wherein he incorrectly responded "Not Applicable" to questions pertaining to outside business activities.

FINRA Rule 3270 requires registered representatives to disclose outside business activities prior to engaging in the activities. By failing to disclose outside business activities to Silver Leaf, Chapler violated FINRA Rules 3270 and 2010.

Conducting Firm Business Through a Non-Firm Email Address

Between February 2012 and August 2015, Chapler used a personal email account to conduct Firm business, but failed to copy or forward all of those emails through the Silver Leaf email system so that the Firm could retain them in its books and

¹ NASD Rule 2420 was superseded by FINRA Rule 2040 on August 24, 2015. Because the conduct addressed in this AWC occurred prior to August 24, 2015, NASD Rule 2420 applies.

records.

FINRA Rule 4511 requires FINRA members to make and preserve certain books and records. By using a personal email account to conduct Firm business as described above, Chapler caused Silver Leaf to not maintain required books and records, thereby violating FINRA Rules 4511 and 2010.

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

- a suspension from association with any FINRA member in all capacities for a period of four months; and
- a \$22,500 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm, 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.

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.

4/3/17
Date (mm/dd/yyyy)

Jay Martin Chapler
Jay Martin Chapler

Reviewed by:

Denis Kiely, Esq.
Kiely LLP
17 Turkey Lane
Cold Spring Harbor, NY 11724
(212) 960-3044
dkiely@kielyllp.com

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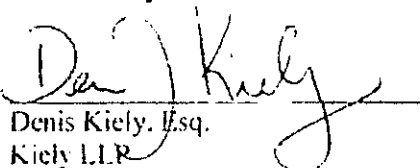
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Date (mm/dd/yyyy)

Jay Martin Chapler

Reviewed by:



Denis Kiely, Esq.
Kiely LLP
17 Turkey Lane
Cold Spring Harbor, NY 11724
(212) 960-3044
dkiely@kielyllp.com

Accepted by FINRA

4/19/17
Date

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

A handwritten signature in black ink, appearing to read "Jason Gaarder", with a small "fct" written to the right.

Jason W. Gaarder
Senior Counsel
FINRA Department of Enforcement
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Rockville, MD 20850
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