

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140432261 01**

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

**RE: Jason Feinglas Respondent
General Securities Representative
CRD No. 4297835**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Jason Feinglas, submits 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. Respondent hereby accepts and consents, 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

Feinglas entered the securities industry in April 2002 when he became registered with FINRA as a General Securities Representative ("GSR") through an association with a FINRA member firm. He was registered there until September 23, 2003. On September 23, 2003, he became registered with FINRA as a GSR through an association with NFP Securities, Inc. (BD No. 42046) ("NFP" or the "Firm"). He was employed as a GSR in the Firm's Dallas, Texas branch office until October 2, 2014, when the Firm terminated his employment. Feinglas is currently employed as an investment adviser at a firm that is not a FINRA member. Feinglas has not been registered with FINRA since his employment was terminated by the Firm. Although Feinglas is not currently registered with FINRA, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of the FINRA By-Laws.

RELEVANT DISCIPLINARY HISTORY

Feinglas does not have any disciplinary history with FINRA, any state securities agency, the Securities and Exchange Commission, or any other self-regulatory organization.

OVERVIEW

From September 29, 2014 to October 1, 2014, while Feinglas worked as an analyst for the Firm, he received four emails that appeared to have been sent by a Firm customer using the customer's actual email account. The emails contained requests that Feinglas effect four wire transfers to three different destinations – third party bank accounts in Texas, Georgia and New Jersey. Three of the wire transfers cleared. The fourth wire transfer was rejected by the recipient bank. Ultimately, \$61,352 was wired out of the customer's Firm account. Unbeknownst to Feinglas, the emails were actually sent by a fraudster posing as the customer.

The Firm's written supervisory procedures ("WSPs") prohibited execution of wire instructions received via email without verbal confirmation from the customer. Feinglas failed to obtain verbal confirmation from the customer for the four wire requests. Feinglas, however, indicated on Firm forms that he had spoken with the customer about each wire when he had not done so. Accordingly, Feinglas's false representations on the Firm's forms violated FINRA Rule 2010. He also caused the Firm to maintain inaccurate books and records in violation of FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 4511 requires each member to make and preserve books and records in conformity with applicable FINRA and Securities Exchange Act Rules, including Exchange Act Rules 17a-3 and 17a-4. Exchange Act Rule 17a-4(b)(4) requires a firm to preserve inter-office memoranda and communications relating to the firm's business.

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

Making false statements on firm records in an effort to process transactions is a violation of FINRA Rule 2010. Falsification of a firm's books and records causes the firm to create and maintain inaccurate books and records and violates FINRA Rules 4511 and 2010.

At all times relevant, Feinglas was an analyst on a sales team in the Firm's Dallas, Texas office. Among Feinglas's duties was effecting wire transfers requested by the team's customers.

NFP's written policies and procedures required its employees to speak with a client prior to effecting a wire transfer out of the customer's account. The Firm further required its employees to verify on the Firm's wire transfer forms that the employee had verbally confirmed the wire with the client.

On September 29, 2014, Feinglas received an email from the email address of record for customer EO. The email was similar to prior communications Feinglas had received from EO. EO, however, had not sent the email. Instead, the email was sent by an imposter posing as EO. The imposter was seeking information needed to effect a wire transfer, which Feinglas provided. Later that morning, the imposter emailed wire transfer instructions to Feinglas, seeking to wire \$12,681 out of EO's account to a bank account in Bedford, Texas in the name of SZ. The imposter wrote that he would be very difficult to reach by telephone that day as he would be in and out of business meetings, and the best way to reach him was via email. After receiving the wire request, Feinglas called EO, but Feinglas was unable to reach EO. Nonetheless, Feinglas forwarded the wire information to the Firm's Cashiering Department ("Cashiering") for execution. Along with the wire instructions, Feinglas provided a Firm Signature Guarantee Witness Verification Form ("Verification Form"), on which Feinglas checked a box indicating that "verbal verification was obtained by calling the client at the phone number on file." Upon receiving the Verification Form from Feinglas, Cashiering effected the wire out of EO's account.

On September 30, 2014, Feinglas received another email from EO's email address. The email was sent by the imposter posing as EO. The imposter sought to effect two additional wire transfers out of EO's account to third parties away from the Firm. The imposter wrote that he wanted to wire \$21,430 from EO's account to SZ's bank account. In addition, the imposter sought to wire \$27,222 from EO's Firm account to SW's bank account in Lithia Springs, Georgia. Feinglas called EO to confirm the request, but he was unable to reach EO.

Feinglas entered the necessary information into the Firm's systems and forwarded the information to Cashiering for execution. Feinglas also provided to Cashiering a Firm Verification Form for each wire transfer. On both Verification Forms, Feinglas checked a box indicating that "verbal verification was obtained by calling the client at the phone number on file." However, Feinglas had not spoken with the customer.

Cashiering effected the \$21,430 wire out of EO's account and attempted to effect the \$27,222 out of EO's account. Cashiering was unable to effect the \$27,222 wire out of EO's account to SW's account because SW's account could not accept wire transfers.

Feinglas attempted to call and emailed EO to inform EO that the \$27,222 wire transfer had not been effected as SW's account did not accept wire transfers. The imposter replied by email that he would soon provide new wire instructions.

On October 1, 2014, the imposter emailed new wire instructions to Feinglas for the \$27,222 wire. The imposter instructed Feinglas to wire the \$27,222 to DN's bank account in Turnersville, New Jersey. Although the imposter changed the recipient, account and bank for the destination of the \$27,222 wire transfer, Feinglas did not speak with the customer to verbally confirm the wire instructions. Instead, he entered the wire instructions into the Firm's systems and forwarded the instructions to Cashiering for execution. On the Firm's Verification Form, Feinglas checked a box indicating that "verbal verification was obtained by calling the client at the phone number on file." Ultimately, the \$27,222 wire transfer was not effected.

By falsely indicating on four Firm documents that he received verbal confirmation from EO for wire transfers, Feinglas violated FINRA Rule 2010. Further, by creating four inaccurate records and causing the Firm to create and maintain inaccurate books and records, Feinglas violated FINRA Rules 4511 and 2010.

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

- a 30 calendar day suspension from association with any FINRA regulated firm in all capacities; and
- a \$5,000 fine.

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

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 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).

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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands that:

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.

Respondent Jason Feinglas certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

8/2/16
Date

Jason Feinglas
Jason Feinglas, Respondent

Reviewed by:

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Accepted by FINRA:

August 22, 2016
Date

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

A handwritten signature in black ink, appearing to read "Susan Light", is written over a horizontal line.

Susan Light
Senior Vice President and Chief Counsel
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