

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044223301**

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

RE: Adam Kuettel ("Kuettel"), Respondent
CRD No. 5473537

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Respondent Adam Kuettel, 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

Kuettel was first registered with FINRA as a General Securities Representative in May 2008 through an association with a FINRA member firm in Fort Smith, Arkansas. He was registered with FINRA as a General Securities Representative with that and two other FINRA member firms at various times between May 2008 and October 2012. In January 2013, Kuettel became registered with FINRA as a General Securities Representative through his association with St. Bernard Financial Services, Inc. ("St. Bernard"), a FINRA-regulated broker-dealer in Bentonville, Arkansas. He was registered with FINRA through St. Bernard until August 11, 2014. In August 2014, Kuettel became registered with FINRA as a General Securities Representative through his association with Veritas Independent Partners, LLC ("Veritas"), a FINRA-regulated broker-dealer in Bentonville, Arkansas. Veritas filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") on December 19, 2014 stating that Kuettel's employment would voluntarily terminate on December 31, 2014.

Kuettel is not currently registered with a FINRA member firm, however, pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over Kuettel.

RELEVANT DISCIPLINARY HISTORY

Kuettel has no prior relevant disciplinary history with the Securities and Exchange Commission, any state securities agency, FINRA or any other self-regulatory organization.

OVERVIEW

During the period from June 2014 through August 2014, while associated with two FINRA-regulated broker-dealers, Kuettel violated NASD Rule 3040 and FINRA Rule 2010 when he engaged in private securities transactions without prior written notice and approval from his employing broker-dealers.

First, during the period from June 2014 through July 2014, while associated with St. Bernard, Kuettel engaged in private securities transactions whereby he assisted 11 investors, three of whom were St. Bernard customers, to invest a total of \$836,075.50 in exchange for stock and warrants in a public company. Kuettel did not provide prior written notice to St. Bernard or receive the requisite written approval from St. Bernard for his participation.

Second, in August 2014, while associated with Veritas, Kuettel engaged in a private securities transaction whereby he assisted an LLLP of which he was a general partner to purchase a \$50,000 equity interest in a limited liability company ("LLC"). Kuettel did not provide prior written notice to Veritas or receive the requisite written approval from Veritas for his participation.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits an associated person from "participat[ing] in any manner in a private securities transaction" unless, prior to participating in the transaction, the associated person provides "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." A "private securities transaction" is defined in Rule 3040(e)(1) as "any transaction outside the course or scope of an associated person's employment with a member..."

FINRA Rule 2010 provides that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

St. Bernard and Veritas both had written supervisory procedures that prohibited registered representatives from engaging in any private securities transactions without first disclosing the transaction and obtaining prior approval.

Private Securities Transactions While Employed at St. Bernard

During June and July 2014, while employed at St. Bernard, Kuettel assisted 11 investors with the purchase of a total of 128,627 shares of stock and warrants in a public company through a private investment in a public equity ("PIPE") transaction, which is a securities transaction that allows a qualified investor to purchase stock in a company in order for that company to raise capital. The PIPE transaction took place in July 2014, and the customers collectively invested \$836,075.50. Kuettel assisted the investors with their purchases of the stock and warrants by: (i) researching and sharing information about the PIPE transaction; (ii) answering investor questions; (iii) making recommendations regarding the investment to certain investors; and (iv) transmitting the investment paperwork to and from the investors. Three of the 11 investors were customers of St. Bernard at the time of the transactions. Kuettel was offered a referral fee, amounting to 3% of the investments he solicited, or approximately \$25,000, if he could meet certain conditions, which included having his employing broker-dealer sign an agreement. But no broker-dealer ever signed the agreement, and as a result, Kuettel never collected the fee.

These transactions were outside the regular course and scope of Kuettel's employment with St. Bernard. The shares were purchased away from St. Bernard. None of the customers held the stock in a St. Bernard account. Kuettel communicated with the potential investors, including St. Bernard customers, via an email account that was outside of St. Bernard's email system. In some email communications, Kuettel specifically requested that the individuals involved with the PIPE transaction communicate with him away from St. Bernard, thus concealing his involvement from St. Bernard. Kuettel never submitted any paperwork, such as new account forms or stock certificates, to St. Bernard for any of the investors participating in the PIPE transaction.

Kuettel neither provided St. Bernard with prior written notice of his participation in the PIPE transaction nor obtained written permission from St. Bernard to participate.

Private Securities Transaction While Employed at Veritas

Further, in his first month of employment at Veritas, in August 2014, Kuettel became involved with a limited liability limited partnership ("LLLP"). The LLLP was formed by (i) Kuettel, as a general partner, (ii) a Veritas customer, and (iii)

one other individual, in order for the Veritas customer to make anonymous investments. On August 19, 2014, Kuettel assisted the LLLP with making one investment that was executed away from Veritas. The transaction was outside the regular course and scope of Kuettel's employment with Veritas. The investment was the purchase of a \$50,000 equity interest in a manager-managed LLC. The LLLP's investment was a securities transaction. Kuettel participated in the transaction by identifying, researching, and recommending the investment opportunity to the LLLP.

Kuettel never disclosed his involvement with the LLLP or the equity investment to Veritas. He also neither provided Veritas with prior written notice of his participation in the LLLP or its investment nor obtained written permission from Veritas to participate in either.

By reason of the above-described activities at both St. Bernard and Veritas, Kuettel violated NASD Rule 3040 and FINRA Rule 2010.

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

- A nine-month suspension from associating with any FINRA member in all capacities; and
- a \$10,000 fine.

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

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, Adam Kuettel, 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.

3/11/2016
Date (mm/dd/yyyy)


Adam Kuettel, Respondent

Reviewed by:


Jeremy X. Bartell
Counsel for Respondent
Bartell Law
700 12th Street NW, Suite 700
Washington, DC 20005

Accepted by FINRA:

4/18/16
Date

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

Susan Light
Susan Light
Chief Counsel and Senior Vice President
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street
New York, New York 10281-1003