

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044603501**

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

**RE: Ernest Romer, Respondent
Registered Representative
CRD Number: 2311741**

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

In March 1993, Ernest Romer entered the securities industry as a general securities representative with a FINRA-registered firm. Since December 2005, he has been registered in the same capacity with the following firms: Leonard & Company (December 2005 until July 2012); L.M. Kohn & Company (July 2012 until October 2012); and CoreCap Investments, Inc. (October 2012 until the present).

DISCIPLINARY HISTORY

In January 2013, FINRA suspended Ernest Romer for two months and fined him \$30,000 (20110258521) for 1) recommending that his customers buy and sell Inverse Floater Collateralized Mortgage Obligations ("Inverse Floater CMOs"), without having a reasonable basis to make those recommendations, in violation of NASD Rules 2310 and 2110, and FINRA Rule 2010, and 2) engaging in discretionary trading by effecting securities transactions involving Inverse Floater CMOs in his customers' accounts, in violation of NASD Rules 2510 and 2110, and FINRA Rule 2010.

OVERVIEW

Romer failed to disclose on his initial Uniform Application for Securities Industry Registration or Transfer ("Form U4") the existence of a federal tax levy and two state tax liens.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(c) of FINRA's By-Laws requires that any person who registers with FINRA provide any "reasonable information with respect to the applicant as [FINRA] may require." This section further provides that a registered person update his Form U4 no later than 30 days after learning of facts or circumstances giving rise to the amendment.

FINRA Rule 1122 provides that "[n]o member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof."¹

Between 2005 and July 2012, Romer was registered with Leonard & Company.

In or about July 2012, Romer submitted, or caused to be submitted, a Form U4 in connection with his FINRA registration through L.M. Kohn & Company.

In or about October 2012, Romer submitted, or caused to be submitted, a Form U4 in connection with his FINRA registration through CoreCap Investments, Inc.

Question 14M on the Forms U4 ask, "Do you have any unsatisfied judgments or liens against you?"

On or about January 4, 2011, the State of Michigan filed a lien against Romer in the amount of approximately \$30,000.

On or about January 17, 2011, the Internal Revenue Service notified Romer of its intent to levy for his failure to pay approximately \$160,000 in federal taxes that were owed for the tax period ending December 31, 2007.

On or about August 30, 2011, the State of Michigan filed a lien against Romer in the amount of approximately \$1,000.

Although Romer was aware of the IRS tax levy and the State of Michigan liens, he never amended his Form U4 while registered with Leonard & Company, nor did he disclose them on his Forms U4 that he submitted to L.M. Kohn &

¹ FINRA Rule 1122 superseded IM-1000-1, effective August 17, 2009.

Company and CoreCap Investments, Inc. in July 2012 and October 2012, respectively.

By reason of Romer's failure 1) to amend his Form U4 to disclose the liens referenced above and 2) to make an initial disclosure on his Forms U4 of those same liens, Romer acted in contravention of Article V, Section 2 of the FINRA By-Laws, and thus violated FINRA Rules 1122 and 2010.

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

A one month suspension from association with any FINRA firm in any capacity and a \$10,000 fine.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

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.

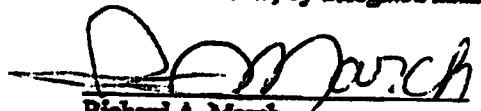
11-7-15
Date


Ernest Romer

Accepted by FINRA:

12-31-15
Date

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


Richard A. March
Senior Regional Counsel
FINRA Department of Enforcement
55 West Monroe Street, Suite 2700
Chicago, Illinois 60603-5052
(312)899-4351