

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046378601**

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

RE: Donald Logan, Respondent
CRD No. 5537486

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Donald Logan ("Logan" or "Respondent") 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

Logan entered the securities industry in May 2008 when he became associated with Edward Jones, a FINRA-regulated broker-dealer. Logan passed his General Securities Representative ("GSR") exam in August 2008. In July 2015, Edward Jones filed a Uniform Termination Notice of Securities Industry Registration ("Form U5") stating that Logan was terminated because he "violated Firm's policy regarding discretionary orders."

In October 2015, Logan joined Waddell & Reed, a FINRA-regulated broker-dealer, as a GSR. On October 4, 2018, Waddell & Reed filed a Form U5 disclosing Logan's termination "for possession of multiple blank client-signed forms and altered client-signed documents, in violation of the firm's policies."

Although Logan is no longer registered or associated with a FINRA-regulated broker-dealer, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Respondent has no relevant disciplinary history.

OVERVIEW

At various times between September 2014 and September 2018 (the "Relevant Period"), Logan exercised discretionary trading authority approximately 365 times in approximately 42 customer accounts without obtaining prior written authorization from his customers or prior written approval from his broker-dealer employers, in violation of NASD Rule 2510(b) and FINRA Rule 2010. Logan also executed 11 unauthorized transactions in three customer accounts, in violation of FINRA Rule 2010.

During the Relevant Period, Logan caused three customers to sign nine blank or incomplete account-related forms, intending to later use them in connection with customer transactions, in violation of FINRA Rule 2010.

Between January 2012 and October 2018, Logan willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer Form ("Form U4") to disclose three civil judgments and a compromise with a creditor, in violation of Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Unauthorized Exercise of Discretion

NASD Rule 2510(b) provides that registered representatives may not exercise discretionary power in a customer's account unless the customer has given prior written authorization and the account has been accepted, in writing, as a discretionary account by the member firm.

FINRA Rule 2010 requires that all registered representatives observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. A violation of NASD Rule 2510 is a violation of FINRA Rule 2010.

In March 2015, while employed at Edward Jones, Logan exercised discretion when executing at least 174 transactions in at least 40 customer accounts. Edward Jones did not approve these accounts for discretionary trading. In July 2015, after learning of Logan's use of discretionary trading authority, Edward Jones terminated his employment.

Several months later, Logan joined Waddell & Reed and continued to exercise discretion in customer accounts without the customers' written authorization or

firm approval. Between October 2015 and September 2018, Logan exercised discretion when executing 191 transactions in three¹ Waddell & Reed customer accounts. Although the customers understood that Logan was conducting trading in their accounts, none had given him prior written authorization. Further, Waddell & Reed did not approve these accounts for discretionary trading.

As a result of the foregoing conduct, Logan violated NASD Rule 2510(b) and FINRA Rule 2010.

Unauthorized Trading

FINRA Rule 2010 requires all associated persons to observe high standards of commercial honor and just and equitable principles of trade. Unauthorized trading, that is, trading without the customer's permission or authorization, violates FINRA Rule 2010.

Between September 2014 and June 2015, while employed at Edward Jones, Logan effected 11 unauthorized transactions, in the accounts of three customers, without their knowledge or consent, in violation of FINRA Rule 2010.

Causing Customers to Sign Blank and Incomplete Documents

FINRA Rule 2010 requires all associated persons to observe high standards of commercial honor and just and equitable principles of trade. Causing customers to sign blank or incomplete forms with the intent to include them in connection with future customer transactions violates FINRA Rule 2010.

Between October 2015 and September 2018, while employed at Waddell & Reed, Logan caused three customers to sign nine blank or incomplete account-related forms with the intent to facilitate future customer transactions. The blank or incomplete forms included investment switch forms, journal request forms, an account transfer form, and a rollover/transfer analysis form. Throughout that time period, Waddell & Reed's written supervisory procedures prohibited associated persons from requesting that clients sign or date blank or incomplete documents. Logan was aware of this prohibition.

As a result of the foregoing, Logan violated FINRA Rule 2010.

Willful Failure to Timely Update Form U4

Article V, Section 2(c) of the FINRA By-Laws requires that registrations filed with FINRA be kept current at all times and that amendments must be filed with FINRA "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." Among other things, registered persons are required to timely and accurately disclose any outstanding judgments and credit compromises

¹ One of these customers was also a customer at Edward Jones.

in order to maintain their registration. FINRA Rule 1122 provides, "No 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." A violation of Article V and FINRA Rule 1122 also violates FINRA Rule 2010.

Although Logan had notice of and knew of his disclosure obligations relating to each of the following, he willfully failed to timely update his Form U4 to disclose:

- January 2012 civil judgment for \$1,555;
- September 2012 civil judgment for \$290;
- July 2014 credit compromise for \$685; and
- June 2018 civil judgment for \$5,186.

Logan willfully failed to amend his Form U4 to disclose the 2012 judgments until June 2015, the July 2014 credit compromise until October 2015, and has never disclosed the 2018 judgment.

By virtue of the foregoing, Logan willfully violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

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

A suspension from association with any FINRA member in any capacity for 18 months and a \$25,000 fine.

The sanctions 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(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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

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.

Date

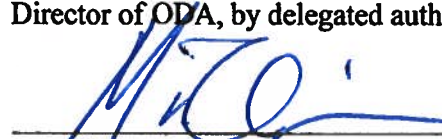
01-31-2019

Respondent

Accepted by FINRA:

2/5/19
Date

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

A handwritten signature in blue ink, appearing to read "Min Choi", is written over a horizontal line.

Min Choi
Senior Counsel
FINRA Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850
Telephone: (301) 258-8591
Facsimile: (202) 721-6590