

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046432001**

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

RE: David Ladin, Respondent
General Securities Representative
CRD No. 3220407

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

David Ladin ("Ladin") entered the securities industry in March 1999 when he became associated with a FINRA member firm. He became registered as a general securities representative in June 1999. Ladin was employed by several FINRA member firms from March 1999 through November 2007. In November 2007, Ladin became associated with Allstate Financial Services, LLC. ("Allstate"). Ladin remained with Allstate until January 2014. In January 2014 Ladin became associated with another FINRA member firm. On September 30, 2015, Ladin's member firm filed a Uniform Termination Notice for Securities Industry Registration terminating Ladin's association with the firm and his registration with FINRA as of that date. Although Ladin is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

In October 2011, while associated with Allstate, Ladin borrowed \$12,000 from a customer. Ladin failed to notify Allstate of the loan or obtain approval from Allstate of the loan, in violation of FINRA Rules 3240 and 2010. Between July 2011 and January 2014, while associated with Allstate, Ladin engaged in an outside business activity without providing prior written notice to or receiving written acknowledgement from Allstate regarding his role in the outside business activity, his planned participation, or

his expected compensation, in violation of FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

Borrowing Money from a Customer

FINRA Rule 3240(a) prohibits a registered person from borrowing money from a customer unless the member firm has written procedures allowing such lending arrangements and one of the following conditions exists:

(A) the customer is a member of such person's immediate family; (B) the customer is a financial institution regularly engaged in the business of providing credit, financing, or loans, or other entity or person that regularly arranges or extends credit in the ordinary course of business and is acting in the course of such business; (C) the customer and the registered person are both registered persons of the same member; (D) the lending arrangement is based on a personal relationship with the customer, such that the loan would not have been solicited, offered, or given had the customer and the registered person not maintained a relationship outside of the broker-customer relationship; or (E) the lending arrangement is based on a business relationship outside of the broker-customer relationship.

FINRA Rule 3240(b) also requires a registered person to notify the member firm and obtain written pre-approval of the lending arrangement where the lending arrangement meets the conditions in (C), (D), or (E) above.

On or about October 24, 2011, Ladin borrowed \$12,000 from R.G., who was his customer at Allstate and was neither an immediate family member nor a person who regularly engaged in the business of providing credit. The loan was documented by a handwritten promissory note, which required Ladin to repay the loan within one year in equal \$1,000 monthly payments.

Allstate's written supervisory procedures prohibited its representatives from borrowing funds from customers unless previously authorized in writing by Allstate. Ladin did not provide Allstate with notice of the loan and never sought or received approval from Allstate of the loan. Ladin completed three Annual Compliance Questionnaires for Allstate between 2011 and 2013 in which he indicated that he had neither solicited nor accepted a loan from a customer. Ladin made some payments on the loan but did not repay the loan in full; however, in 2015, R.G. filed an arbitration claim seeking, among other things, repayment of the loan. Allstate settled R.G.'s claims.

As a result of the foregoing conduct, Ladin violated FINRA Rules 3240 and 2010.

Unauthorized Outside Business Activity

FINRA Rule 3270 provides, in relevant part: "No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other

person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.”

During the period from July 2011 to January 2014, Ladin participated in an outside business activity, a promotional item import business. On July 5, 2011, Ladin filed Articles of Incorporation for the business with the Florida Department of State, Division of Corporations, in which he was listed as the Vice President. On January 23, 2014, Ladin filed Articles of Dissolution for the business with the Florida Department of State, Division of Corporations.

Allstate’s written supervisory procedures required written disclosure of outside business activities. Ladin failed to provide prior written notice to or receive written acknowledgement from Allstate regarding his role in the outside business activity, his planned participation, or his expected compensation. Further, he completed three Annual Compliance Questionnaires for Allstate between 2011 and 2013 in which he indicated that he was not involved in any outside business activities.

As a result of the foregoing conduct, Ladin violated FINRA Rules 3270 and 2010.

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

A four-month suspension from association with any FINRA member firm in any capacity and a fine in the amount of \$10,000.

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).

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 understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

3.7.17
Date

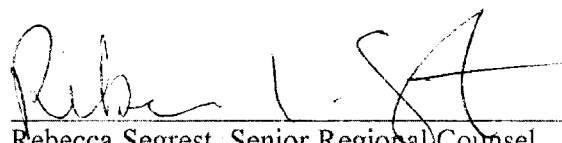


David Ladin, Respondent

Accepted by FINRA:

3-23-2017
Date

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



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