

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048237201**

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

RE: Daniel P. Bailey, Respondent
CRD No. 2624368

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Daniel P. Bailey, 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

Bailey first entered the securities industry in 1995. From May 2013 through February 2017, Bailey was registered as a General Securities Representative through Source Capital Group, Inc. ("Source") (BD No. 36719).

Bailey is currently registered as a General Securities Representative through another FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Bailey does not have any prior disciplinary history with the Securities and Exchange Commission, any self-regulatory organization, or any state securities regulator.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111(a) provides that an associated person must have a "reasonable basis to believe that a recommended transaction or investment strategy . . . is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile." The information to be evaluated includes, among other things, the customer's financial situation and needs, investment objectives, and risk tolerance.

In December 2013, Bailey recommended that GW—a 77 year-old customer with an annual income of less than \$40,000 and a net worth of less than \$500,000—invest \$125,000 in MCMP, an "international business company" whose investment strategy emphasized generating "capital gains . . . by owning and operating ocean-going ships." As described in its offering documents, MCMP was a highly speculative investment.

Bailey's recommendation that GW invest \$125,000—more than 25 percent of her net worth—in a single speculative investment was inconsistent with GW's financial situation, investment objectives and risk tolerance. By reason of the foregoing, Bailey violated FINRA Rules 2111 and 2010.

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

- a one-month suspension from associating with any FINRA member in any capacity; and
- a fine of \$5,000.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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:

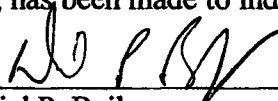
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

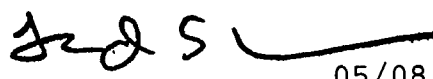
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

05/03/2017
Date (mm/dd/yyyy)


Daniel P. Bailey

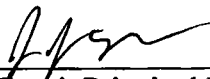
Reviewed by:


05/08/2017

Lloyd R. Schwed, Esquire
Counsel for Respondent
Schwed Kahle & Kress, P.A.
11410 North Jog Rd., Suite 100
Palm Beach Gardens, FL 33418
Accepted by FINRA:

6/1/2017
Date

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



Jeff Fauci, Principal Regional Counsel
FINRA Department of Enforcement
99 High Street, Suite 900
Boston, MA 02110
Tel: (617) 532-3428

Daniel P. Bailey, FINRA Case No. 20150482372
Corrective Action Statement

In this case, I prepared an account application, which the customer signed, that stated that the customer was an accredited investor, but I did not take the necessary steps to confirm the customer's net worth. Although this is my first customer complaint or problem with an "accredited investor" form in 21 years as a Registered Representative, in the future, I will take steps to confirm that customers are, in fact, accredited investors before preparing or submitting accredited investor forms."