

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016048486601**

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

RE: Marc A. Reda (CRD No. 2757330), Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Marc A. Reda, 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 October 1999, Reda first became registered with FINRA. From October 2014 to January 2016, he was registered with FINRA through his association with PHX Financial, Inc. (CRD No. 144403) ("PHX") as a Corporate Securities Representative.

Reda currently is registered through another FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Reda has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

OVERVIEW

From November 2014 to September 2015, Reda exercised discretion in three customers' accounts without written authorization from the customers and without having obtained his member firm's approval to treat those accounts as discretionary, in violation of NASD Rule 2510(b) and FINRA Rule 2010. In addition, Reda failed to timely disclose a \$575,101 federal tax lien on his Uniform

Application for Securities Industry Registration ("Form U4"), in violation of Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Discretionary Trading

NASD Rule 2510(b) prohibits registered representatives from exercising discretion in a customer's account unless the customer has provided written authorization to the representative to exercise discretion, and the account has been accepted as a discretionary account, in writing, by the representative's firm.

From November 2014 to September 2015, while registered with PHX, Reda made discretionary trades in three customers' accounts without written authorization from those customers. Moreover, PHX did not approve those accounts for discretionary trading.

Based on the foregoing, Reda violated NASD Rule 2510(b) and FINRA Rule 2010.

Failure to Disclose Tax Lien

Article V, Section 2(c) of the FINRA By-Laws requires associated persons to keep their Forms U4 "current at all times...." Further, amendments to Forms U4 must be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." During all times relevant to this matter, Form U4 Disclosure Question 14M, asked "Do you have any unsatisfied judgments or liens against you?" If an affirmative answer is given to Question 14M, the associated person is required to provide details about the lien.

In November 2011, the Internal Revenue Service filed a tax lien against Reda in the amount of \$575,101. Reda was on notice of the lien no later than June 2015, yet failed to report the lien on his Form U4 until November 2015.

Based on the foregoing, Reda violated Article V, Section 2(c) of the FINRA 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 and all capacities for three months; and
- a \$5,000 fine.

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.

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.

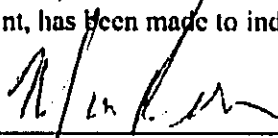
OTHER MATTERS

I understand that:

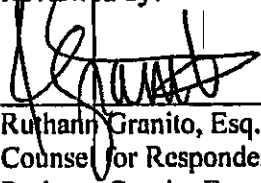
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will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

05/09/2017
Date (mm/dd/yyyy)


Respondent Marc A. Reda

Reviewed by:

A handwritten signature in black ink, appearing to read 'Ruthann Granito', is written over a horizontal line.

Ruthann Granito, Esq.
Counsel for Respondent
Ruthann Granito Esq. PC
110 East 59th Street, 22nd Floor
New York, New York 10022
(212) 980-4052 (telephone)

Accepted by FINRA:

June 2, 2017
Date

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



Karen C. Daly
Principal Regional Counsel
FINRA Department of Enforcement
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215-209-7090 (telephone)
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