

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,	Disciplinary Proceeding
	No. 2016048912703
Complainant,	
v.	Hearing Officer DW
Imtiaz (Raana) Khan	
CRD No. 4084250,	ORDER ACCEPTING OFFER OF
Respondent.	SETTLEMENT

Date: January 28, 2019

INTRODUCTION

Disciplinary Proceeding No. 2016048912703 was filed on May 7, 2018, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Imtiaz (Raana) Khan submitted an Offer of Settlement (Offer) to Complainant dated January 23, 2019. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

1. Khan first became registered with FINRA as a General Securities Representative in July 2000 through an association with Windsor Street. Khan became registered with FINRA through Windsor Street as an Investment Banking Representative in November 2009, as an Operations Professional in October 2011, and as a General Securities Principal on December 21, 2017. Khan is currently registered with FINRA through a different member firm as a General Securities Representative, a General Securities Principal, an Investment Banking Representative, an Investment Banking Principal, and an Operations Professional.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:¹

SUMMARY

2. During the period January 2013 through at least March 2016, while associated with Windsor Street Capital, LP, f/k/a Meyers Associates, L.P. (CRD No. 34171) ("Windsor Street") Khan functioned in a principal capacity for which he was not registered and for which he had not passed the appropriate qualification exam. As a result, Khan violated NASD Rules 1021 and 1022 and FINRA Rule 2010.

3. During the period April 2015 through May 2016, Khan engaged in outside business activities involving a real estate and mergers and acquisitions advisory business without providing prior written notice to Windsor Street. As a result, Khan violated FINRA Rules 3270 and 2010.

¹ The findings herein are pursuant to Respondent Khan's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

FACTS

Khan Acted as an Unregistered Principal

4. Khan became associated with Windsor Street in July 2000. From July 2000 through December 2017, Khan was not registered in any principal capacity.

5. Yet, during the period January 2013 through at least March 2016, Khan functioned in a principal capacity as Windsor Street's executive vice president and/or a managing partner and was the second-most senior person at Windsor Street, after Bruce Meyers, Windsor Street's CEO until May 2016.

6. During that time, Khan was actively engaged in numerous aspects of the management of Windsor Street's investment banking and securities businesses.

7. For example, Khan was a Managing Director of Windsor Street's Investment Banking Department and was a member of Windsor Street's Investment Banking Committee. As such, Khan participated in the approval of new investment banking clients of Windsor Street, negotiated advisory and private placement agreements on behalf of Windsor Street, reviewed term sheets and offering documents, and authorized the sales of new unregistered securities by Windsor Street's registered representatives.

8. Khan also negotiated and reviewed agreements with Windsor Street's clearing firms, auditors and other vendors.

9. In addition, Khan negotiated billing disputes with Windsor Street's vendors, participated in approving compensation advances to Windsor Street registered representatives, and participated in handling various other financial matters for Windsor Street, including overseeing Windsor Street's 2015 internal investigation concerning misconduct involving the Firm Accounts which was requested by the CEO.

10. Accordingly, from at least January 2013 through at least March 2016, Khan acted as an unregistered General Securities Principal.

Khan's Failure to Provide Prior Written Notice of Outside Business Activities

11. In early April 2015, Khan and Bruce Meyers began providing services to a real estate and mergers and acquisitions advisory business that ultimately became Arcis Capital Partners, LLC ("Arcis"). Arcis was formed by AT, a friend and business associate of Meyers and Khan.

12. Between April 1, 2015 and April 23, 2015, Khan assisted AT in launching Arcis by advising AT regarding the formation of the company; helping to prepare the company's pitch deck to be provided to potential investors, customers, and partners; advising AT in choosing a law firm, an accountant and a banking relationship; and introducing Arcis and AT to real estate developers with whom Arcis could partner in various projects.

13. Khan and Meyers became partners or members of Arcis effective April 23, 2015. As compensation for the services they provided, they were each granted a 5% interest in Arcis.

14. Pursuant to Arcis's Operating Agreement, Khan was entitled to receive a distribution of any profits earned by Arcis.

15. In the Operating Agreements, Khan also agreed to provide services to Arcis, including: (i) broker dealer, securities, capital markets and investment banking expertise; (ii) actively developing and nurturing institutional and individual client relationships in the United States to lead to Arcis projects, deals and investments; (iii) actively participating in all major project discussions, negotiations and transactions; (iv) actively identifying and developing investment banking and other advisory transactions for Arcis; and (v) seeking to secure and provide a revolving line of credit to support Arcis and selected affiliates.

16. From April 23, 2015 through at least May 2016, Khan provided services in connection with (i) the formation of Arcis; (ii) developing prospective client relationships; (iii) seeking to identify advisory transactions for Arcis; and (iii) seeking to secure lines of credit for Arcis.

17. Khan failed to provide Windsor Street with written notice of his outside business activities concerning Arcis, prior to becoming a partner or member of Arcis, and before providing services to Arcis.

18. Moreover, in December 2015, Khan failed to disclose his outside business activities concerning Arcis to Windsor Street's compliance department in an Other Business Activities Disclosure Form.

ELEVENTH CAUSE OF ACTION
PERSONS ACTING IN A CAPACITY REQUIRING REGISTRATION
(Violations of NASD Rules 1021 and 1022 and FINRA Rule 2010)

19. NASD Rules 1021(a) and 1022 require that all persons engaged in the investment banking or securities business of a member firm who function as principals shall be registered as a principal in the appropriate category set forth in NASD Rule 1022. Rule 1021(a) also requires that persons pass the appropriate principal qualification examination.

20. NASD Rule 1021(b) provides that "[p]ersons associated with a member, enumerated in subparagraphs (1) through (5) hereafter, who are actively engaged in the management of the member's investment banking or securities business, including supervision, solicitation, conduct of business or the training of persons associated with a member for any of these functions are designated as principals. Such persons shall include: (1) Sole Proprietors; (2) Officers; (3) Partners; (4) Managers of Offices of General Jurisdiction; (5) Directors of Corporations."

21. NASD Rule 1022 provides that "[e]ach person associated with a member who is included within the definition of principal in Rule 1021 ... shall be required to register with the

Association as a General Securities Principal and shall pass an appropriate Qualification Examination before such registration may become effective ...”

22. As alleged more fully above, during the period January 2013 through at least March 2016, Khan was an officer of Windsor Street and was actively engaged in numerous aspects of the management of Windsor Street’s investment banking and securities businesses, including managing its investment bank business.

23. Khan engaged in activities requiring registration as a principal without being registered as such.

24. By reason of the foregoing, Khan violated NASD Rules 1021 and 1022 and FINRA Rule 2010.

THIRTEENTH CAUSE OF ACTION
FAILURE TO DISCLOSE OUTSIDE BUSINESS ACTIVITIES
(Violations of FINRA Rules 3270 and 2010)

25. FINRA Rule 3270 prohibits registered representatives from becoming 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.”

26. As alleged more fully above, effective April 23, 2015, Khan became a partner or member of Arcis, a real estate and mergers and acquisitions advisory business. In addition, prior to and after becoming partners or members of Arcis, Khan provided advisory and business services to Arcis for which he was compensated, or had a reasonable expectation of compensation by, Arcis.

27. Khan failed to provide the Firm with written notice of his outside business activities concerning Arcis, prior to engaging in such activities.

28. By reason of the foregoing, Khan violated FINRA Rules 3270 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

- Suspended from associating with any FINRA member firm in any and all capacities for thirty-five (35) business days; and
- Fined in the amount of \$20,000.

Respondent agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed. The sanctions herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA



Signed on behalf of the
Director of ODA, by delegated authority
Samuel L. Barkin, Senior Counsel
FINRA, District 10
Brookfield Place
200 Liberty Street
New York, NY 10281-1003
(212) 858-4074
samuel.barkin@finra.org