

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

Department of Enforcement,

Complainant,

v.

Michael Quiles III (CRD No. 4351166),

Respondent.

Disciplinary Proceeding
No. 2016049315202

Hearing Officer: LOM

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: July 17, 2018

INTRODUCTION

Disciplinary Proceeding No. 2016049315202 was filed on February 2, 2018, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Michael Quiles, III submitted an Offer of Settlement (Offer) to Complainant dated June 29, 2018. 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

Quiles entered the securities industry in February 2001 when he became employed, and registered as a Series 7 General Securities Representative ("GSR"), with a FINRA-regulated broker-dealer. Quiles was employed by, and registered as a GSR with, six additional FINRA-regulated broker-dealers between December 2001 and December 2009. Between December 2009 and February 2016, Quiles was registered as a GSR with LPL Financial LLC ("LPL" or the "Firm") (CRD # 6413), a FINRA-regulated broker-dealer.

On March 18, 2016, LPL filed a Uniform Termination Notice of Securities Industry Registration ("Form U5") reporting the termination of Quiles' employment as of February 19, 2016. The Form U5 disclosed that Quiles' employment with LPL was terminated because he received a loan in violation of Firm policy.

Although Quiles 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, because (1) the Complaint was filed within two years after the effective date of termination of Quiles' registration with LPL, namely, March 18, 2016; and (2) the Complaint charges him with failing to respond to FINRA requests for information during the two-year period after the date upon which he ceased to be registered or associated with a FINRA regulated broker-dealer.

FINDINGS AND CONCLUSIONS

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

Summary

In 2017, Enforcement opened an investigation into Michael Quiles' ("Quiles") potential misconduct regarding a purported loan he received from a customer of a non FINRA-regulated bank partnered with his member firm employer. Enforcement also investigated Quiles' failure to disclose two unsatisfied civil judgments and one unsatisfied tax lien, as well as his failure to timely disclose two civil judgments via the filing of an amended Uniform Application for Securities Industry Registration or Transfer ("Form U4").

As part of that investigation, FINRA requested on four separate occasions, pursuant to FINRA Rule 8210, that Quiles provide certain documents and information. Each of the four Rule 8210 requests informed Quiles that if he failed to produce the requested documents and information on the due date of the request, he could be subject to a disciplinary action and the imposition of sanctions, including a bar. Despite having received these Rule 8210 requests, Quiles failed to respond fully to Enforcement's requests for documents and information. Quiles accordingly violated FINRA Rules 8210 and 2010.

Respondent's Failure to Respond to FINRA's Rule 8210 Requests

FINRA Rule 8210(a)(1) requires a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically (if the requested information is, or is required to be, maintained in electronic form) with respect to any matter involved in the investigation, complaint, examination, or proceeding.

FINRA Rule 2010 requires FINRA-regulated broker-dealers and associated persons to observe high standards of commercial honor and just and equitable principles of trade. Failure to comply with FINRA Rule 8210 is a violation of FINRA Rule 2010.

In April 2016, FINRA's Preliminary Investigations Unit began investigating the circumstances related to the Form U5 filed by LPL disclosing Quiles' improper loan. Quiles failed to respond to two separate Rule 8210 Requests, and on September 1, 2016, Quiles was suspended from associating with any FINRA member firm in any capacity pursuant to FINRA Rule 9552.

FINRA terminated Quiles' suspension after Quiles provided written responses to the FINRA Rule 8210 requests related to the improper loan issue.

In late January 2017, Enforcement opened an investigation into Quiles' potential misconduct with respect to the loan identified in Quiles' Form U5. In addition, Enforcement also sought to investigate whether Quiles failed to disclose timely, or at all, an unsatisfied tax lien and four civil judgments via amended Form U4 between 2000 and 2015.

As part of its investigation, on March 1, 2017 Enforcement sent to Quiles, pursuant to FINRA Rule 8210, a request seeking, among other things, documents and information concerning Quiles' knowledge of certain liens or judgments and any disclosures he made to the Firm concerning the liens and judgments. Enforcement also sought information about the loan referenced in the Firm's Form U5 filing (collectively, the "March Rule 8210 Request"). The March Rule 8210 Request required Quiles to produce the documents and information by March 15, 2017.

Enforcement sent the March Rule 8210 Request to Quiles' residential address listed in the Central Registration Depository (the "CRD Address") via first class and certified mail, return

receipt requested. The letter sent by certified mail was delivered on March 3, 2017 and the return receipt was signed (though the signature was illegible); the letter sent by first class mail was not returned to FINRA.

Quiles did not provide the requested documents and information by the March 15, 2017 deadline contained in the March Rule 8210 Request.

On March 16, 2017, Enforcement e-mailed Quiles at the e-mail address from which he had communicated previously with FINRA's Preliminary Investigations Unit (the "AOL E-mail Address") in connection with this matter to inquire as to the status of his response to the March Rule 8210 Request. Quiles responded by e-mail to state that he had not received the March Rule 8210 Request and requested a telephone call. Later that day Quiles and Enforcement staff spoke by telephone. Quiles stated that he had moved from his CRD Address and, therefore, he did not receive the March Rule 8210 Request. On that telephone call, Quiles did not provide his new address. Accordingly, in a March 16, 2017 e-mail sent to Quiles' AOL E-mail Address (the "March 16 E-mail"), Enforcement e-mailed the March 8210 Request and granted him an extension until March 30, 2017 to respond to the March 8210 Request. In the March 16 E-mail, and in light of Quiles' statement that he no longer resided at his CRD Address, Enforcement also requested Quiles' new address.

On April 3, 2017, Quiles sent an e-mail from his AOL E-mail Address informing Enforcement that he was delayed in his efforts to obtain bank statements requested in the March Rule 8210 Request, and requesting an extension of time to respond. Enforcement requested by return email that he produce materials in his possession immediately and the bank records when he obtained them. By email dated April 4, 2017, Quiles agreed to provide any information responsive to the March Rule 8210 Request in his possession that day.

On April 7, 2017 – more than a week after the deadline to respond to the March Rule 8210 Request – Quiles e-mailed Enforcement a narrative response to some questions, but none of the requested financial records, among other things.

On June 29, 2017, Enforcement sent another letter pursuant to FINRA Rule 8210 (the “June Rule 8210 Request”) informing Quiles that his April 7, 2017 response to the March Rule 8210 Request was incomplete and, therefore, constituted a violation of FINRA Rule 8210.

The June Rule 8210 Request again requested – and itemized – the information Quiles failed to provide in response to the March Rule 8210 Request. The June Rule 8210 Request required Quiles to produce the documents and information by July 14, 2017.

The June Rule 8210 Request was sent to Quiles’ CRD Address, which remained unchanged on CRD, and his address at the FINRA-regulated broker-dealer where he was briefly employed in a non-registered capacity via first class and certified mail, return receipt requested. The letter sent via certified mail to Quiles’ CRD Address was delivered on July 3, 2017 and the return receipt was signed. The signature is illegible but “addressee” is checked next to the signature. The letter sent via certified mail to Quiles at his FINRA-regulated broker-dealer employer was also delivered on July 3, 2017 and the return receipt was signed. The letters sent by first class mail were not returned to FINRA. In addition, the June Rule 8210 Request was sent via e-mail to Quiles’ AOL E-mail Address and was not returned as undeliverable.

Quiles did not produce the requested documents and information by the July 14, 2017 deadline contained in the June Rule 8210 Request.

On July 21, 2017, Quiles telephoned Enforcement and advised Enforcement that he was temporarily unable to respond to the March and June Rule 8210 Requests. During that conversation, Quiles requested an extension of time to respond and provided a temporary address

(the “Temporary Address”) and an alternate address (the “Alternate Address”) where he could also receive correspondence.

On July 26, 2017, Enforcement sent Quiles a letter pursuant to FINRA Rule 8210 (the “July Rule 8210 Request”) to his CRD Address, which remained unchanged on CRD, his Temporary Address, and his Alternate Address via first class and certified mail, return receipt requested. The July Rule 8210 Request again requested the documents and information Quiles failed to provide in response to the March and June Rule 8210 Requests. The July Rule 8210 Request required Quiles to produce the documents and information by September 1, 2017.

The July Rule 8210 Request sent via certified mail to Quiles’ CRD Address was delivered on July 29, 2017 and the return receipt was signed. The signature on the return receipt is illegible but “addressee” is checked next to the signature. The letter sent via certified mail to Quiles’ Temporary Address was delivered on July 31, 2017 and the return receipt was signed by an unknown individual. According to the U.S. Postal Service’s website, the letter sent via certified mail to Quiles’ Alternate Address was delivered on July 29, 2017; however, Enforcement did not receive the return receipt. The letters sent by first class mail to each of the three addresses were not returned to FINRA. In addition, the July Rule 8210 Request was sent via e-mail to Quiles’ AOL E-mail Address and was not returned as undeliverable.

As of August 8, 2017 Quiles was no longer residing at the Temporary Address.

Quiles did not produce the documents and information by the September 1, 2017, deadline contained in the July Rule 8210 Request.

On September 29, 2017, Enforcement sent another letter pursuant to FINRA Rule 8210 (the “September Rule 8210 Request”) requesting the documents and information Quiles failed to

provide in response to the March, June, and July Rule 8210 Requests. The September Rule 8210 Request required Quiles to produce the documents and information by October 13, 2017.

The September Rule 8210 Request was sent to Quiles' CRD Address, which remained unchanged on CRD, and his Alternate Address via first class and certified mail, return receipt requested. The letter sent via certified mail to Quiles' Alternate Address was delivered on October 2, 2017 and the return receipt was signed; the signature is illegible. To date, the letter sent via certified mail to Quiles' CRD Address remains undelivered according to the U.S. Postal Service's website. The letters sent by first class mail were not returned to FINRA. In addition, the September Rule 8210 Request was sent via e-mail to Quiles' AOL E-mail Address and was not returned as undeliverable.

Quiles did not produce the documents and information by the October 13, 2017 deadline contained in the September Rule 8210 Request.

To date, Quiles has failed to provide Enforcement with information and documents requested in the March, June, July and September Rule 8210 Requests.

The acts, practices, and conduct described above demonstrate Quiles' failure to cooperate with Enforcement's investigation and constitute violations of FINRA Rules 8210 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

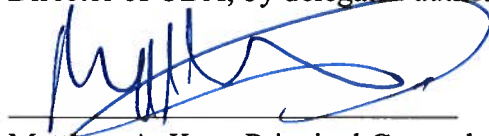
It is ordered that Respondent be barred from association with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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



Matthew A. Katz, Principal Counsel
FINRA Department of Enforcement
One Brookfield Place
200 Liberty Street 11th Floor
New York, NY 10281

Tel. 212.416.1587
Matthew.Katz@finra.org