

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016049840101**

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

RE: Peter Chris Marketos ("Marketos" or "Respondent")
Former General Securities Representative
CRD No. 1997184

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

Marketos entered the securities industry in 1990 when he associated with a FINRA member firm and became registered with FINRA as a General Securities Representative ("GSR"). From May 1990 until January 2002, Marketos was registered with FINRA as a GSR and associated with another FINRA member. From January 2002 to September 2014, Marketos was registered with FINRA as a GSR and associated with FINRA member Oppenheimer & Co., Inc. ("Oppenheimer"). In September 2014, Marketos registered with FINRA as a GSR and associated with FINRA member Raymond James & Associates, Inc. ("RJA"). On May 2, 2016, RJA filed a Uniform Termination Notice of Securities Industry Registration ("Form U5") on Marketos' behalf disclosing that his employment with RJA had been terminated as of April 5, 2016, after he failed to meet the terms of a Letter of Understanding, which required him to, among other things, maintain office hours during the market open and document client conversations. From July 27, 2016 to March 10, 2017, Marketos was registered as a GSR with FINRA and associated with FINRA member Cantella & Co., Inc.

(“Cantella”). On March 10, 2017, Cantella filed a Form U5 on Marketos’ behalf disclosing that Marketos had terminated his association with Cantella.

Although Marketos is not currently associated with a FINRA member, FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA’s By-Laws.

RELEVANT DISCIPLINARY HISTORY

Marketos has no relevant disciplinary history in the securities industry.

OVERVIEW

From 2011 to November 2015 (the “Relevant Period”), Marketos made unsuitable recommendations to concentrate three customers’ investments in speculative high yield bonds in violation of NASD Rule 2310 (for conduct through July 8, 2012), and FINRA Rules 2111 (for conduct from July 9, 2012) and 2010.

Additionally, during the Relevant Period, Marketos negligently sent materially misleading emails containing factually inaccurate statements to customers regarding the risk of high yield bonds in general and the risks of certain bonds in particular, in violation of FINRA Rule 2010.

Moreover, Marketos sent emails to customers that contained unwarranted statements with no sound basis, did not provide a fair and balanced treatment of the risks and benefits of investments, predicted future performance, and made performance guarantees, in violation of NASD Rule 2210 (for conduct through February 3, 2013) and FINRA Rules 2210 (for conduct from February 4, 2013) and 2010.

FACTS AND VIOLATIVE CONDUCT

1. Violation of NASD Rule 2310 and FINRA Rules 2111 and 2010 (Unsuitable Recommendations)

NASD Rule 2310, which was effective through July 8, 2012, required that a registered representative have “reasonable grounds for believing that the recommendation” of the purchase of a security was “suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs.” Since July 9, 2012, FINRA Rule 2111 has required that “an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities 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.” FINRA Rule 2111 provides that a “customer’s investment profile includes, but is not limited to, the customer’s age,

other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.”

A recommendation may be unsuitable if it results in an undue concentration in a particular security, category of securities, or industry sector, and the correspondent increased risk of loss is inconsistent with the customer’s investment profile.

By recommending unsuitable transactions, a registered representative acts inconsistently with the high standards of commercial honor and just and equitable principles of trade, and thereby also violates FINRA Rule 2010.

During the Relevant Period, Marketos made recommendations that resulted in concentrations of between approximately 50% to over 90% of the customers’ account value in speculative high yield corporate bonds.

Customer PB

During the Relevant Period, Marketos recommended that PB concentrate his account in speculative high yield corporate bonds that were rated below investment grade by the major ratings agencies (“High Yield Bonds”). However, PB was over the age of 65, partially retired, and had a liquid net worth of only \$200,000. PB had no prior investment experience with corporate or high yield bonds, having previously been invested in mutual funds and a real estate investment trust. When he opened his account, PB told Marketos that he was unable to tolerate any significant losses to his principal. PB’s account value invested in High Yield Bonds at month-end fluctuated between approximately 70% to over 95% during the Relevant Period. PB’s account value was also concentrated at various time during the Relevant Period between 56% and 70% in high yield bonds issued by oil and gas companies, which increased the risk of loss in his account. In late 2014, the value of the oil and gas company bonds began to fall dramatically, and in late 2015 and early 2016, many of the issuers of the oil and gas company bonds that Marketos had recommended to PB declared bankruptcy, causing PB to lose the principal he had invested in those bonds.

Customers SF and PF

During the Relevant Period, Marketos recommended that SF and PF concentrate their accounts in High Yield Bonds. SF and PF, a married couple, were in their 50s, had retired early and relied on their accounts to fund their living expenses. SF and PF did not have any experience with corporate or high yield bonds, having previously been invested in municipal bonds, and never told Marketos that they wanted to speculate in their accounts. During the majority of the Relevant Period, SF’s and PF’s total account value invested in High Yield Bonds at month-end

fluctuated between approximately 50% to over 95%. SF's and PF's total account values were also concentrated at various time during the Relevant Period between 25% and 35% in High Yield Bonds issued by oil and gas companies, which increased the risk of loss in their accounts. In late 2014, the value of the oil and gas company bonds began to fall dramatically, and in late 2015 and early 2016, many of the issuers of the oil and gas company bonds that Marketos had recommended to SF and PF declared bankruptcy, causing them to lose the principal they had invested in those bonds.

Customer LG

During the Relevant Period, Marketos recommended that LG concentrate her account in High Yield Bonds. However, LG had a limited income, comprised mainly of disability benefits. LG had no experience with corporate or high yield bonds, having previously held cash, and never told Marketos that she wanted to speculate in her account. During the majority of the Relevant Period, LG's account value invested in High Yield Bonds at month-end fluctuated between approximately 30% and 75%. LG's account value was also concentrated at various times between 30% and 50% in High Yield Bonds issued by oil and gas companies, which increased the risk of loss in her account. In late 2014, the value of the oil and gas company bonds began to fall dramatically, and in late 2015 and early 2016, one of the issuers of the oil and gas company bonds that Marketos had recommended to LG declared bankruptcy, causing her to lose the principal she had invested in that bond. Overall, LG had a net loss of \$5,233.68 attributable to Marketos' recommendations of speculative high yield bonds.

By making recommendations to concentrate three customers' investments in High Yield Bonds, which was unsuitable in light of the customers' investment profiles, Marketos violated NASD Rule 2310 and FINRA Rules 2111 and 2010.

2. Violation of FINRA Rule 2010 (Negligent Misrepresentations)

FINRA Rule 2010 requires persons associated with a FINRA member to observe high standards of commercial honor and just and equitable principles of trade. A registered representative who makes misleading statements or misrepresentations of material facts, or omits to state a material fact necessary in order to make the statements made not misleading, fails to observe high standards of commercial honor and just and equitable principles of trade and violates FINRA Rule 2010.

During the Relevant Period, Marketos made negligent material misrepresentations and omissions about high yield bonds in emails he sent to customers. Specifically, Marketos negligently misrepresented to customer SF that the bonds Marketos recommended were assured to return SF's and PF's principal at maturity. Marketos also negligently misrepresented Oppenheimer's definition of a junk bond in communications with SF and PF, by inaccurately defining "junk

bonds” to include bonds rated BBB, which are generally regarded as investment grade.

Additionally, in an email sent to approximately 200 customers in 2013, Marketos negligently misrepresented the then-current federal funds rate.

By virtue of the foregoing, Marketos violated FINRA Rule 2010.

3. Violation of NASD Rule 2210 and FINRA Rules 2210 and 2010 (Advertising Content Violations)

NASD Rule 2210 (effective through February 3, 2013) and FINRA Rule 2210 (effective from February 4, 2013) govern communications by registered representatives with the public. NASD and FINRA Rules 2210(d)(1)(A) require that all member communications must be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or industry. NASD Rule 2210(d)(1)(D) and FINRA Rule 2210(d)(1)(F) provide that communications cannot predict or project performance, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast. FINRA Rule 2210(d)(1)(D) provides that communications must be “clear and not misleading within the context in which they are made, and provide balanced treatment of risks and potential benefits. Communications must be consistent with the risks of fluctuating prices and the uncertainty of dividends, rates of return and yield inherent to investments.” FINRA Rule 2210(d)(2) provides that any comparison between investments in communications sent to over 25 individuals within any 30 day period must disclose all material differences between the investments, including but not limited to differences in cost, liquidity, safety and guarantees.

A violation of NASD or FINRA Rule 2210 is also a violation of FINRA Rule 2010.

During the Relevant Period, Marketos wrote six e-mails to customers, described in more detail below, that violated the content standards of NASD or FINRA Rules 2210. These emails failed to disclose the risks associated with making investments in high yield bonds generally, and bonds issued by Master Limited Partnerships (“MLPs”) in the oil and gas industry in particular, and did not offer investors a fair and balanced treatment of the risks or a sound basis upon which to evaluate high yield bonds, as required by NASD Rule 2210(d)(1)(A) and FINRA Rules 2210(d)(1)(A) and 2210(d)(1)(D).

In an email sent to SF in May 2012, Marketos failed to accurately describe the risks of investment in high yield bonds and failed to provide a fair and balanced discussion of the likelihood that an issuer of a bond would default, in violation of NASD Rule 2210(d)(1)(A) and (B).

Further, in an email sent to approximately 200 customers in March 2013, Marketos projected an annualized rate of return for the bonds and equity units of an MLP that he recommended to his customers and implied that past performance would recur, in violation of FINRA Rule 2210(d)(1)(F). In the same email, he also favorably compared the yield between two investments, but failed to include a comparison of the other features of the two investments, including liquidity, safety and guarantees, in violation of FINRA Rule 2210(d)(2).

In an email sent to approximately 200 customers in June 2013, Marketos made a prediction regarding the meaning of volatility in equities and interest rate increases with no support, in violation of FINRA Rule 2210(d)(1)(A). In the same email, Marketos implied that the past performance of two MLPs would recur, and failed to include balancing language that there was no assurance that the annual payout of those MLPs would remain at the stated levels, in violation of FINRA Rules 2210(d)(1)(A) and 2210(d)(1)(F).

In an email sent to approximately 200 customers in May 2014, Marketos made three statements minimizing the risks of rising interest rates on MLPs and bonds, as well as the soundness of ratings agencies' ratings on bonds. The statements were oversimplified, incomplete and failed to provide the customers with a sound basis for evaluating the facts related to high yield bonds because they failed to provide a comprehensive discussion of interest rates, ratings, and ratings agencies, in violation of FINRA Rule 2210(d)(1)(A). This email also failed to present a balanced discussion of the risks and potential benefits of the two MLPs, in violation of FINRA Rule 2210(d)(1)(D).

Moreover, in an email to PB in early 2015, Marketos failed to provide a sound basis for evaluating the facts in regard to numerous statements regarding the recent decrease in the price of oil, and he failed to tell PB that there was no guarantee that the predictions contained in his email would come true, in violation of FINRA Rules 2210(d)(1)(A) and 2210(d)(1)(F).

Further, in an email sent in late 2015, Marketos misrepresented to PB the risk posed by one bond issuer, an MLP that was suspending distributions to common unit holders, by stating that the suspension of distributions was a positive event for bond holders without including a fair and balanced discussion of the risks and benefits of the company's decision, in violation of FINRA Rule 2210(d)(1)(A) and 2210(d)(1)(D).

By virtue of the foregoing, Marketos violated NASD Rule 2210 and FINRA Rules 2210 and 2010.

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

- A one-year suspension from association with any FINRA member in any capacity;
- A \$20,000 fine;
- An order to pay restitution to LG in the total amount of \$5,233.68 plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from May 5, 2016, until the date of payment; and
- The requirement that within 60 days of my reassociation with any FINRA member firm, I will undertake to attend and satisfactorily complete 10 hours of continuing education concerning suitability, dealing with senior customers, and communications with customers, by a provider not unacceptable to FINRA. Within 30 days following completion of such training, I will submit written proof that the continuing education program has been satisfactorily completed. Such proof shall be submitted by letter to FINRA's Department of Enforcement, Attn: Christina Stanland, Director, 200 Liberty Street, 11th Floor, New York, NY 10281. All correspondence must identify the Respondent and Matter No. 2016049840101.

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.

Restitution amounts ordered, pursuant to this disciplinary action, are due and payable 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. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate customer LG after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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.

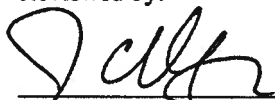
11-29-2018

Date (mm/dd/yyyy)



Peter Chris Marketos, Respondent

Reviewed by:

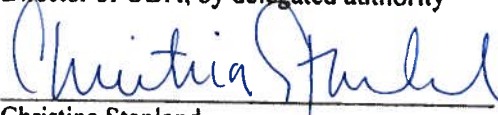


Joseph P. Allgor
Counsel for Respondent
Herskovits PLLC
1185 Avenue of the Americas, 37th Floor
New York, New York 10036
Phone: 212-897-5410

Accepted by FINRA:

12/18/18
Date

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



Christina Stanland
Director
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street, 11th Floor
New York, New York 10281
Phone: 646-315-8617