

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016050191701**

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

RE: Guy Stanley Waltman, Respondent
CRD No. 1540766

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Guy Stanley Waltman ("Waltman" or "Respondent"), 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

Waltman first became registered in the securities industry in 1998 as a general securities representative. Since May 2006, Waltman has been registered in that capacity through UBS Financial Services Inc. (BD No. 8174) ("UBS" or the "Firm").

RELEVANT DISCIPLINARY HISTORY

Waltman does not have any relevant formal disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization, or any state securities regulator.

OVERVIEW

Between 2010 and 2016, while registered with UBS, Waltman failed to inform the Firm that he had investment control over five securities accounts at three other FINRA member firms. Based on the foregoing, Waltman violated NASD Rule 3050 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Background and Origin of Investigation

In June 2016, a complaint against Waltman was filed with FINRA related to Waltman's dealings with a vulnerable individual named MBM, who had recently passed away. FINRA conducted an investigation of Waltman after receiving the complaint.

Waltman met MBM approximately 25 years ago. Starting in 2006, Waltman began assisting MBM with her financial affairs. In 2009, MBM's mother passed away, and MBM inherited a large sum of money. At that time, Waltman referred MBM to an attorney, who helped her to set up brokerage accounts for the inheritance proceeds at a FINRA member firm ("Broker-Dealer I").

In 2010, MBM appointed Waltman as trustee of a trust on her behalf, the MBM Trust. In addition, she appointed him as her attorney-in-fact pursuant to a power of attorney, designating a broad range of powers to him, including the ability to manage her financial affairs. In contravention of Firm policy, Waltman did not disclose to UBS that he was serving as power of attorney and trustee for MBM and the MBM Trust.

2. Waltman had Investment Control over Five Outside Securities Accounts for MBM and the MBM Trust

Between 2010 and 2016 (the "Relevant Period"), Waltman had investment control over five outside securities accounts for MBM and the MBM Trust. As noted, MBM set up brokerage accounts at Broker-Dealer I in 2009. At the end of 2009, MBM consolidated the assets in those accounts into a single account at Broker-Dealer I. Waltman became power of attorney for that account in 2010.

In addition, soon after becoming trustee of the MBM Trust in 2010, Waltman transferred MBM's assets held at Broker-Dealer I into new accounts he asked his friend MA, a registered representative at Broker-Dealer II, to open for MBM and the MBM Trust at Broker-Dealer II. These included two securities accounts for which Waltman served as trustee. In 2011, MA moved to Broker-Dealer III and transferred the MBM-related accounts with him. These also included two securities accounts for which Waltman served as trustee.

3. Waltman Failed to Disclose the MBM and MBM Trust Accounts to UBS and Failed to Disclose his Association with UBS to Broker-Dealers I, II and III

NASD Rule 3050(c) states: "A person associated with a member, prior to opening an account or placing an initial order for the purchase or sale of securities with

another member, shall notify both the employer member and the executing member, in writing, of his or her association with the other member” NASD Rule 3050(e) specifies that the requirements of Section (c) apply to “an account or order in which an associated person has a financial interest or with respect to which such person has discretionary authority.” Failure to comply with this rule also violates FINRA Rule 2010.

The Firm’s procedures, which Waltman routinely certified that he understood, required disclosure of outside accounts in which an employee had the power to make investment decisions, such as the MBM and MBM Trust accounts. Despite the fact that Waltman had discretionary authority over these accounts, Waltman did not disclose them to UBS during the Relevant Period. Moreover, on an annual basis between 2010 and 2015, Waltman completed a UBS Affirmation Online entitled “Covered Accounts,” on which he should have disclosed the accounts. Waltman did not disclose any of the MBM or MBM Trust accounts on any of the affirmations, even though he had previously disclosed a personal outside account to the Firm. Waltman’s lack of disclosure of the MBM and MBM Trust accounts prevented UBS from properly supervising Waltman’s outside accounts, thereby exposing the Firm to risk, and curtailed the Firm’s ability to fulfill its regulatory obligations.

In addition, Waltman never disclosed his association with UBS to the outside firms for the MBM and MBM Trust accounts. As noted, Waltman served as power of attorney for the securities account that MBM held at Broker-Dealer I. Despite the fact that Waltman and MA were aware that Waltman was a registered representative, none of the account opening documents for that account reflected that Waltman was associated with a broker-dealer. On the contrary, the form Waltman signed which designated him as power of attorney for the account falsely listed his occupation as “attorney.”

Similarly, the new account documents for the MBM Trust accounts at Broker-Dealers II and III failed to disclose that Waltman was associated with UBS. For the MBM Trust accounts at Broker-Dealer II, the account-opening forms prepared by MA reflected that Waltman was “retired” and not employed by a FINRA member. Along the same lines, the account-opening forms for the MBM Trust accounts at Broker-Dealer III reflected that Waltman’s employment status was “NOT EMPLOYED.”

By virtue of the foregoing, Waltman violated NASD Rule 3050(c) and FINRA Rule 2010.

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

- A three-month suspension from associating in any and all capacities with any FINRA member firm; 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.

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;
- 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.

02/11/2019
Date (mm/dd/yyyy)

Guy Stanley Waltman
Guy Stanley Waltman

Reviewed by:

Jeff Kern, Esq.
Jeff Kern, Esq.
Counsel for Respondent
Sheppard Mullin Richter & Hampton LLP
30 Rockefeller Plaza
New York, NY 10112-0015
Tel: 212.634.3075

Accepted by FINRA:

2/15/19
Date

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

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