

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016050912001**

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

RE: Christopher R. Barone, Respondent
Former Registered Representative
CRD No. 2032268

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Christopher R. Barone submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Barone first entered the securities industry in June 1990 as a General Securities Representative with a FINRA member firm. Barone was associated as a General Securities Principal with the same firm in May 1999. In July 1999, Barone became associated as a General Securities Principal and General Securities Representative with America Northcoast Securities, Inc. ("America Northcoast"), a FINRA member firm.

Barone then became associated with America Northcoast as a Municipal Securities Principal in February 2003, an Investment Banking Representative in February 2010, and as an Operations Professional in December 2011. Barone's association with America Northcoast was terminated in August 2017 when the firm terminated its membership with FINRA.

Barone's most recent association with a FINRA member firm terminated on May 9, 2018. Barone is not currently associated with a FINRA member firm or registered with FINRA; however, he remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

Between December 2016 and July 2017 (the Relevant Period), Barone made misrepresentations to FINRA about the frequency of his supervision of his firm's trade reporting responsibilities, and altered documents that he produced to FINRA. Through this conduct, Barone violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a) gives FINRA the authority to require "person[s] associated with a member, or any other person subject to FINRA jurisdiction to provide information orally, in writing, or electronically ... with respect to any matter involved in the investigation, complaint, examination or proceeding." FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records or accounts pursuant to this rule." FINRA Rule 2010 requires members, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade." Providing false or misleading information in connection with a request made pursuant to FINRA Rule 8210 constitutes a violation of FINRA Rules 8210 and 2010. If a representative provides false or misleading information in response to a FINRA inquiry that is not made pursuant to FINRA Rule 8210, then such conduct violates FINRA Rule 2010.

Between January 1, 2016 and July 1, 2017, Barone was America Northcoast's president and chief compliance officer ("CCO"). The firm's written supervisory procedures required the CCO to conduct a monthly review of the firm's trade reporting responsibilities to ensure compliance with applicable rules. For various reasons, however, Barone was only completing this responsibility three or four times a year.

During the latter half of 2016, FINRA conducted two inquiries pertaining to America Northcoast's compliance with its trade reporting responsibilities. One of these inquiries pertained to the firm's reporting of municipal securities transactions to the MSRB. Specifically, on November 29, 2016, FINRA requested that America Northcoast produce documents and information regarding the firm's failure to report 47 municipal transactions within fifteen minutes of trade execution over a three-month period in 2016. This inquiry letter included a request that the firm produce "[c]opies of any and all documents evidencing that supervisory review of trade reporting compliance of municipal securities was conducted during the review period."

Barone was solely responsible for preparing the firm's response. In a December 20, 2016 letter, Barone falsely represented that he "reviewed these trades monthly to make sure we are not reporting late to MSRB." In fact, Barone was reviewing the firm's municipal trade

reporting only on, at most, a quarterly basis. Barone also produced three MSRB spreadsheets that purportedly evidenced his supervisory reviews, but before doing so, he altered the documents in two important ways. First, he removed the “search date” on the document, which was evidence of when Barone had actually conducted the review. Second, he added a different date and his initials.

Based on concerns that Barone had altered these documents, FINRA sent Barone a second inquiry letter on June 12, 2017. FINRA issued this request expressly pursuant to FINRA Rule 8210 and sought, among other things, the production of documents evidencing Barone’s supervisory review of municipal trade reporting for the entirety of 2016. On July 6, 2017, Barone responded by producing MSRB spreadsheets for each month of the year. Once again, however, Barone altered these documents before producing them. For nine of the monthly spreadsheets, Barone concealed the search dates, which evidenced when he had actually reviewed them; and for seven of the months, he added a date and initials that falsely reported that he had performed the review on a date that was earlier than his actual review.

In a separate inquiry, FINRA requested on August 10, 2016 that America Northcoast produce evidence of supervisory reviews in connection with its reporting responsibilities through the Trade Reporting and Compliance Engine (“TRACE”). After several months of dialogue with FINRA about this request, Barone produced a document that he had created. This document, which was produced on July 12, 2017, was entitled “FINRA Report Center Reviews,” and included a column designated “Reviewed.” Under this column were thirteen dates, purportedly showing that Barone had conducted monthly reviews for TRACE reporting compliance from May 2016 through May 2017.

FINRA’s Report Center Usage Log showed that the firm had conducted a TRACE reporting compliance review on only three occasions between May 2016 and May 2017. As a result, FINRA requested that Barone confirm that “the reviewed dates represent the dates the firm conducted” the reviews, and Barone responded “correct.” Because Barone had, in fact, only conducted a TRACE reporting review three times during this thirteen-month period, this representation was false.

By altering documents in response to a request made pursuant to FINRA Rule 8210, Barone violated FINRA Rules 8210 and 2010. Moreover, by making a false representation in response to a FINRA request about the firm’s TRACE reporting compliance, Barone violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

A bar from association with any FINRA member firm in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent(s); and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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. Respondent 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. Respondent(s) 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 Respondent's: (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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

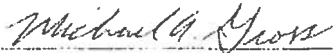
12.30.19

Date



Christopher R. Barone
Respondent

Reviewed by:



Michael A. Gross
Counsel for Respondent
Ulmer & Berne LLP
2255 Glades Road, Suite 324A
Boca Raton, FL 33431

Accepted by FINRA:

1-23-2020

Date

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



Michael P. Manly
Director
FINRA
Department of Enforcement
120 W. 12th Street, Suite 800
Kansas City, MO 64105