

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20160525406 03**

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

RE: Ahmed Ghassan Gheith, Respondent
Former General Securities Representative
CRD No. 5783951

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

Ahmed Ghassan Gheith ("Gheith") has been in the securities industry since June of 2010 when he registered as a General Securities Representative for a FINRA member firm. Gheith was registered as a General Securities Representative with Paulson Investment Company, LLC ("Paulson") from January of 2014 until his termination effective August 11, 2017. Gheith has not been registered with any FINRA member firm since that time and remains subject to the jurisdiction of FINRA pursuant to Article V, Section 4(a) of FINRA's By-Law's, which provides for a two-year period of retained jurisdiction over formerly-registered persons.

RELEVANT DISCIPLINARY HISTORY

Gheith has no relevant disciplinary history.

OVERVIEW

Between April of 2015 and March of 2016, Gheith contacted four customers and referred them to other registered representatives at his firm to discuss making an investment in a private offering. This private offering, which was not being offered by Paulson, concerned a real estate development in Belize. After discussing the private offering with the other Paulson representatives, the four customers agreed to invest. An entity associated with the private offering paid Gheith \$93,165 in return for his participation in the transactions.

Gheith did not disclose his participation in these private securities transactions to his firm, in violation of NASD Rule 3040 and FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280, which became effective on September 21, 2015 and replaced NASD Rule 3040, prohibits an associated person from participating in any manner in a private securities transaction unless, prior to participating in the transaction, the associated person provides written notice to his/her member firm. NASD Rule 3040(e)(1) and FINRA Rule 3280(e)(1) both define the term "private securities transaction," as any security transaction outside the regular course or scope of an associated person's employment with a member.¹

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

Paulson hired Gheith in 2014 to work with two other Paulson registered representatives, KG and MH. Near the end of 2014, KG and MH informed Gheith about a private offering related to a real estate development in Belize and an entity called the Belize Infrastructure Fund I, LLC. The investment was described as a short-term note meant to raise money for the development of an airport (the "Private Offering").

KG and MH told Gheith to refer to them any customers that he believed might be interested in making such an investment. Gheith knew the Private Offering was not an approved securities product being offered by Paulson, and would constitute "selling away" from the firm. For this reason, initially, Gheith was reluctant to refer customers to KG and MH to invest.

After repeated requests from KG and MH, Gheith contacted two Paulson customers in April of 2015, and then two more Paulson customers in January and

¹ Section 2(a)(1) of the Securities Act of 1933 (the "1933 Act") defines the term "security" as "any note, stock, . . . transferable share . . . or, in general any interest or instrument commonly known as a 'security.'" Section 3(a)(10) of the Securities Exchange Act of 1934 (the "Exchange Act") also defines a security as "[a]ny note, stock, . . . , . . . transferable share, . . . or, in general, any instrument commonly known as a 'security.'"

March of 2016. Gheith's communications with these four customers included a description of the Private Offering and soliciting an agreement to speak with KG and MH about investing in the Offering.

The four customers referenced above invested a total of \$3.5 million in the Private Offering. Gheith was paid \$93,165 by Canyon Acquisitions, LLC ("Canyon") for his role in soliciting and referring the customers to KG and MH.² KG and MH were also compensated for their role in the Private Offering by Canyon.

The short-term notes purchased by investors in the Private Offering meet the definition of a security in either the 1933 Act or the Exchange Act. Promissory notes are presumed to be securities unless it is shown that the note bears a strong resemblance to a category of non-securities notes such as commercial loans or notes secured by mortgages.³ The promissory notes did not fit into any category of non-securities notes, as they were sold to individual investors interested in profiting from the purchase of the notes, and were to be paid back in full plus 15% interest within three to twelve months.

By virtue of the foregoing, Gheith received compensation for his participation in private securities transactions without providing notice or receiving approval from his firm, in violation of NASD Rule 3040 (for conduct occurring prior to September 21, 2015), and FINRA Rules 3280 (for conducted occurring on September 21, 2015, or after) and 2010.

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

A twelve-month (12) suspension from association with any FINRA member firm in any capacity, a \$10,000 fine, and \$31,055 in disgorgement.⁴

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.

Disgorgement of a portion of commissions received which is ordered to be paid to FINRA in the amount of \$31,055, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from April 1, 2015 until the date this AWC is accepted by the NAC. Disgorgement 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.

Respondent has submitted a sworn financial statement and demonstrated a limited

² Canyon was an entity related to the Private Offering.

³ See *Reves v. Ernst & Young*, 494 U.S. 56, 62-65 (1990), aff'd 507 U.S. 170 (1993).

⁴ Disgorgement was reduced because of Gheith's demonstrated limited ability to pay.

ability to pay. The amount of disgorgement was reduced in light of the financial status of Respondent.

My limited ability to pay has been considered in connection with the monetary sanctions imposed in this matter. I specifically and voluntarily waive any right to claim that I am unable to pay at any time hereafter the monetary sanctions 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.

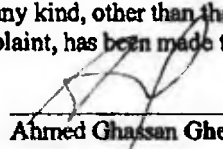
OTHER MATTERS

I understand that:

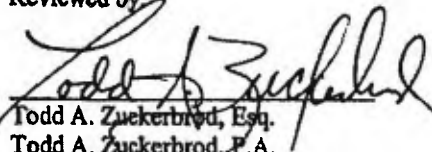
- A.** Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B.** If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; 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.

4/5/2018
Date (mm/dd/yyyy)


Ahmed Ghasan Gheith

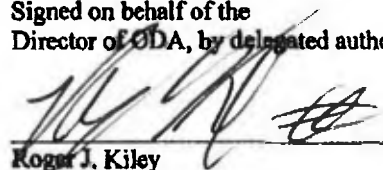
Reviewed by:


Todd A. Zuckerbrod, Esq.
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(561) 544-8144

Accepted by FINRA:

4-24-18
Date

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


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