

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017052466303**

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

RE: Frank Venturelli, Respondent
Former General Securities Representative
CRD No. 6403468

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Frank Venturelli 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

Venturelli first registered with FINRA as a General Securities Representative ("GS") through his association with First Standard Financial Company LLC (CRD No. 168340). From November 18, 2014 through March 23, 2016, Venturelli was registered with FINRA as a GS through First Standard. On April 22, 2016, Venturelli again registered with FINRA as a GS through First Standard, where he remained until his registration was terminated on September 25, 2019. Venturelli was registered with FINRA as a GS through another member firm between September 2019 and December 2019.

Although Venturelli is not currently registered or associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Venturelli 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 July 2016 and November 2018 (the "Relevant Period"), Venturelli excessively traded three customers' accounts in violation of FINRA Rules 2111 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111(a) provides in pertinent part that "[a] member or 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." As explained in Supplementary Material found at 2111.05(c):

Quantitative suitability requires a member or associated person who has actual or de facto control over a customer account to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile, as delineated in Rule 2111(a). No single test defines excessive activity, but factors such as the turnover rate, cost-equity ratio, and the use of in-and-out trading in a customer's account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation.

Turnover rate represents the number of times that a portfolio of securities is exchanged for another portfolio of securities. The cost-to-equity ratio measures the amount an account has to appreciate just to cover commissions and other expenses. In other words, it is the break-even point where a customer may begin to see a return. A turnover rate of six or a cost-to-equity ratio above 20 percent generally indicates that excessive trading has occurred.

During the Relevant Period, Venturelli engaged in quantitatively unsuitable trading in the accounts of customers AR, LK, and RK. Venturelli recommended the trading in the three customers' accounts and they followed his recommendations. As a result, Venturelli exercised *de facto* control over the three customers' accounts.

Venturelli's trading of the three accounts resulted in high turnover rates and cost-to-equity ratios as well as significant losses, as set forth below.

- AR's account exhibited a turnover rate of 60.57 and a cost-to-equity ratio of 146.53%. AR's account incurred losses of \$96,985 and paid \$57,355 in commissions and fees.

- LK's account exhibited an annualized turnover rate of 30.29 and an annualized cost-to-equity ratio of 88.18%. LK's account incurred losses of \$133,748 and paid \$49,641 in commissions and fees.
- RK's account exhibited an annualized turnover rate of 40.06 and an annualized cost-to-equity ratio of 105.89%. RK's account incurred losses of \$142,493 and paid \$62,807 in commissions and fees.

Venturelli's trading in the accounts of AR, LK, and RK was excessive and unsuitable given the customers' investment profiles, and it was virtually impossible for any of these customers to earn a profit. As a result of Venturelli's excessive trading, the three customers suffered collective losses of \$373,226 and paid \$169,803 in commissions and fees.

By virtue of the foregoing, Venturelli violated FINRA Rules 2111 and 2010.

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

- A suspension from association with any FINRA member firm, in all capacities, for 11 months; and
- Partial restitution in the amount of \$30,000, as described below.

Respondent has submitted a sworn financial statement and demonstrated a limited ability to pay. In light of the financial status of Respondent, the sanctions do not include a monetary fine and include only partial restitution.

Respondent's limited ability to pay has been considered in connection with the monetary sanctions imposed in this matter. Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Restitution is ordered to be paid to the customers listed on Attachment A hereto in the total amount of \$30,000, 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 November 7, 2018, until the date of payment. 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 any customer identified in Attachment A after reasonable and documented efforts, within such period, or such additional period, as 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.

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.

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; 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 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.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

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.

6/12/2020
Date

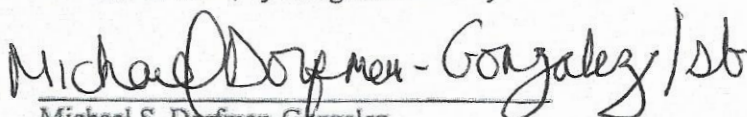

Frank Venturelli
Respondent

Reviewed by:


Timothy Fein, Esq.
Counsel for Respondent
Carmel, Milazzo & DiChiara LLP
3920 Veterans Memorial Highway, Suite 8
Bohemia, NY 11716

Accepted by FINRA:

6/19/2020
Date

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

Michael S. Dorfman-Gonzalez
Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281

ATTACHMENT A
TO AWC NO. 2017052466303

Customer	Restitution Amount
AR	\$10,133
LK	\$8,770
RK	\$11,097