

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017053574801**

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

RE: Daniel W. Staudacher, Respondent
Investment Company and Variable Products Representative
CRD No. 2878221

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Daniel W. Staudacher, 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 me 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

Staudacher entered the securities industry in March 1997, when he associated with PFS Investments Inc. ("PFS" or the "Firm"). He became registered with the Firm as an Investment Company and Variable Contracts Products Representative in May 1997 and as an Investment Company and Variable Contracts Products Principal in May 2006. On September 20, 2017, the Firm filed a Form U5 disclosing that Staudacher had voluntarily terminated his registration. In September 2017, Staudacher associated with another member firm, where he is currently registered.

RELEVANT DISCIPLINARY HISTORY

In January 2017, Staudacher entered into an AWC in which he consented to a one-month suspension and \$5000 fine for violating FINRA Rule 2010 by making unauthorized transactions and engaging in unapproved securities-related communications with customers in violation of Firm policy.

OVERVIEW

In early February 2017, Staudacher violated FINRA Rule 2010 by associating with PFS while under a one-month, all capacities suspension from associating with any member firm pursuant to an AWC with FINRA. Staudacher also violated Article III, Section 3(b) of FINRA's By-Laws and FINRA Rule 2010 by associating with PFS while subject to a statutory disqualification, resulting from his FINRA suspension. In addition, during the same period, Staudacher violated FINRA Rule 2010 by affixing two customers' electronic signatures on applications for four securities accounts, opened with the customers' consent.

FACTS AND VIOLATIVE CONDUCT

Pursuant to the AWC entered into by Staudacher in January 2017, Staudacher was suspended from associating with any member firm in any capacity from February 6, 2017 through March 5, 2017. FINRA notified Staudacher of the dates of his suspension by letter delivered on or about January 13, 2017. Separately, on February 3, 2017 the Firm's Compliance Department sent a letter to Staudacher advising, "FINRA is suspending you from association with any FINRA member in any capacity from February 6, 2017 through March 5, 2017." The Firm advised Staudacher, "during this period of suspension, you may not be involved in PFS Investment Inc.'s (PFSI's) securities business in any manner, including soliciting, selling, or recruiting, whether on your own or on someone else's behalf." In addition, the Firm provided Staudacher with "Suspension Guidelines" setting forth activities that were allowed and prohibited during his suspension. These guidelines prohibited Staudacher from "having contact with securities customers regarding securities business" and "conducting or participating in any securities business, which includes performing any clerical or administrative duties that relate to securities customers and/or securities business."

On March 10, 2017, pursuant to FINRA Rule 4530, the Firm reported that Staudacher had "violated the terms of suspension" and "submitted investment applications on which he entered or affixed the clients' electronic signatures."

Violation of Terms of Suspension

Notwithstanding the notices that he received from FINRA and the Firm, on February 6, 2017, the first day of his FINRA suspension, Staudacher accessed the Firm's electronic systems and submitted an application for a new securities account held jointly by two customers. That same day, Staudacher evidenced his review of two new 529 plan applications in his capacity as the assigned registered representative by logging into the Firm's systems and marking the applications as approved. Also on February 6, 2017, Staudacher submitted to the Firm's transfer agent a Letter of Instruction from a customer, dated the same day, requesting a transfer from a third-party 401K plan and attaching a check from the customer in the amount of \$162,204.

On February 7, 2017, the second day of his suspension, Staudacher facilitated redemption

requests made by two different Firm customers. At the time, another registered representative of the Firm was designated to service the accounts of Staudacher's customers due to Staudacher's suspension. Rather than directing the two customers to contact the designated registered representative, Staudacher prepared forms used to make redemption requests for each customer and faxed the completed forms and redemption instructions to the designated registered representative.

The failure to abide by a FINRA suspension violates FINRA Rule 2010, which requires members and associated persons to "observe high standards of commercial honor and just and equitable principles of trade." By virtue of the foregoing conduct, Staudacher engaged in securities business and thereby associated with the Firm while under a FINRA suspension. As a result, Staudacher violated FINRA Rule 2010.

Associating with a Member While Statutorily Disqualified

Article III, Section 3(b) of FINRA's By-Laws prohibits a person who becomes statutorily disqualified from associating or continuing to associate with a FINRA member firm. Under FINRA's By-Laws, a "person is subject to a 'disqualification' with respect to membership, or association with a member, if such person is subject to any 'statutory disqualification' as such term is defined in Section 3(a)(39) of the [Exchange] Act." Among the statutorily disqualifying events in Section 3(a)(39) is a suspension from association with a member of any self-regulatory association.

From February 6, 2017 through March 5, 2017, Staudacher was statutorily disqualified because he was suspended pursuant to an AWC. Nonetheless, he continued to associate with the Firm on February 6 and February 7, 2017, during his period of suspension. As a result, Staudacher violated Article III, Section 3(b) of FINRA's By-Laws and FINRA Rule 2010.

Accommodation Forgeries

Placing a customer's non-authentic signature on a document, whether as an accommodation to the customer or otherwise, violates FINRA Rule 2010.

Prior to submission of new securities account applications, the Firm required customers to review and provide electronic signatures on the completed forms by entering the last four digits of their social security numbers. From February 3, 2017 through February 6, 2017, to accommodate his clients, Staudacher electronically affixed customers' signatures on four new securities account applications by entering the last four digits of the customers' social security numbers on the applications.

As a result, Staudacher violated FINRA Rule 2010.

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

- A suspension from association with any FINRA member in any capacity

for a period of two months; and

- A fine in the amount of \$10,000.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are 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(s) 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

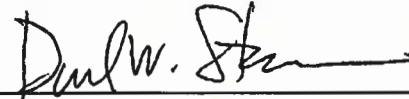
I understand that:

- 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.

08/09/2019

Date



Daniel W. Staudacher
Respondent

Reviewed by:



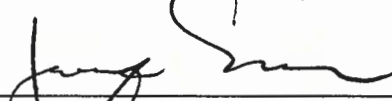
Robert Long
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(214) 665-3659

Accepted by FINRA:

9/5/19

Date

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



Josefina Martinez
Senior Counsel
FINRA Department of Enforcement
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