

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017055074301**

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

RE: John F. Davenport, Respondent
CRD No. 1448999

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, John F. Davenport ("Davenport" 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

Davenport entered the securities industry in 1985. From May 2014 through October 2016, Davenport was registered as a General Securities Representative and as an Investment Company and Variable Contracts Products Representative through Securities America, Inc. (CRD No. 10205) ("Securities America"). From October 2016 through the present, Davenport has been registered in the same capacities through Liberty Partners Financial Services, LLC (CRD No. 130390) ("Liberty Partners").

RELEVANT DISCIPLINARY HISTORY

Davenport 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

In late 2014 and early 2015, while registered with FINRA through Securities America, Davenport placed two securities transactions for a registered representative of another firm and split the commissions generated from the transactions with that representative, without the knowledge or consent of either firm, and without reflecting the commission sharing on Securities America's books and records, in violation of FINRA Rules 4511 and 2010.

Furthermore, from October 2016 through October 2017, while registered through Liberty Partners, Davenport permitted his assistant to use a personal email address to communicate with securities customers concerning business-related matters, causing the firm to fail to retain the emails among its books and records, in violation of FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

1. Davenport Improperly Shared Commissions With A Registered Representative Of Another Firm

In 2014, DR, a registered representative of another firm, proposed that his client, LS, exchange a fixed annuity for two variable annuities, but DR's firm rejected the proposed transaction. Thereafter, in the fall of 2014, DR referred LS to Davenport at Securities America for the purpose of Davenport executing the transaction for LS at Securities America. LS then opened an account at Securities America with Davenport as her registered representative.

Although Davenport recommended and thereafter purchased two variable annuities for LS, DR remained very involved with the transactions, including by being the exclusive point of contact between LS and Davenport. In late 2014 and early 2015, Davenport paid DR approximately \$50,000, which represented approximately half of the total commissions on the transactions, ostensibly as a referral fee. Davenport did not notify Securities America that he was sharing commissions with DR; did not get the firm's approval to share the commissions with DR; and did not make any entries on the firm's books and records to reflect the commission sharing. Securities America's procedures expressly prohibited such commission sharing.

FINRA Rule 4511 requires each member firm to make and preserve books and records as required under FINRA rules, the Securities Exchange Act of 1934 ("Exchange Act"), and applicable Exchange Act rules, including Rule 17a-3 of the Exchange Act. Rule 17a-3 requires every broker-dealer to accurately make and preserve documentation as to an associated person's compensation in connection with the sales of securities. The entry of accurate information in firm records is a foundation of FINRA's regulatory oversight, and it is critical that

associated persons, as well as firms, comply with this requirement. A violation of FINRA Rule 4511 constitutes a violation of FINRA Rule 2010. In addition, improperly sharing commissions with a registered representative of another member firm constitutes unethical conduct in violation of FINRA Rule 2010.

Davenport caused Securities America's books and records to be inaccurate by failing to report to the firm compensation that he paid to a registered representative of another firm in connection with the sale of securities. Moreover, Davenport shared those commissions without the knowledge or consent of either firm.

By virtue of the foregoing, Davenport violated FINRA Rules 4511 and 2010.

2. Davenport's Assistant Used His Personal Email Account To Communicate With Clients Regarding Securities Business

As noted, FINRA Rule 4511 requires each member to make and preserve books and records in conformity with Exchange Act rules, including Rule 17a-4. Rule 17a-4(b)(4) requires each member to preserve for a period of three years the originals of all communications received and copies of all communications sent by the member relating to its business. Securities-related emails fall within the purview of Rule 17a-4. As the customers' registered representative, Davenport was responsible for compliance with all applicable books and records requirements.

From October 2016 through October 2017, Davenport's assistant, RM, exchanged more than 700 emails discussing securities business with numerous customers using his personal email address, which was not approved by Liberty Partners. Davenport knew that his assistant was using his personal email address for securities business, but did not forward, or direct RM to forward, the emails from RM's personal email address to Liberty Partners for review and retention. As a result, Davenport caused the firm to fail to maintain those emails, as it was obligated to do under Exchange Act and FINRA rules.

Davenport had been warned previously that RM was improperly using his personal email address for business communications, and Securities America placed Davenport on heightened supervision in part due to the issue of RM using his personal email to communicate with clients. Davenport and others at Liberty Partners have represented that they have since discussed the use of personal email to conduct firm business with RM, and RM is now using a firm-approved email address for all business communications.

By virtue of the foregoing, Davenport violated FINRA Rules 4511 and 2010.

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

- A two-month suspension from associating in any and all capacities with any FINRA member firm; and
- A fine of \$20,000.

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:

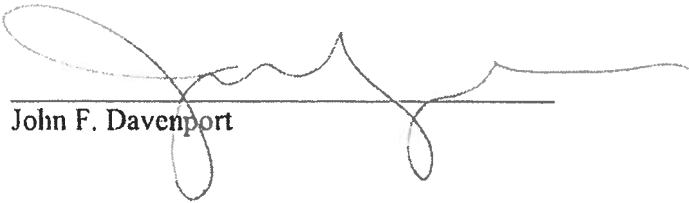
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

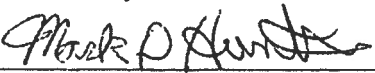
12/10/18

Date (mm/dd/yyyy)



John F. Davenport

Reviewed by:



Mark Hunter, Esq.
Counsel for Respondent
Hunter Taubman Fischer & Li LLC
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Coral Gables, FL 33134
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Accepted by FINRA:

January 31, 2019
Date

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



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