

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018056458801**

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

RE: Bradley Woods & Co. Ltd. (Respondent)
Member Firm
CRD No. 13660

Daniel Ripp (Respondent)
General Securities Principal
CRD No. 1398164

Pursuant to FINRA Rule 9216, Respondents Bradley Woods & Co. Ltd. and Daniel Ripp 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 Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

Bradley Woods has been a FINRA member since June 1985. The firm has approximately 30 registered representatives, three branches and is headquartered in New York, New York. The firm primarily generates revenue from private placements and merger and acquisition advisory services.

Ripp first became registered with FINRA through a member firm in September 1997 as a General Securities Representative (GS). Ripp registered with FINRA through Bradley Woods in June 2001 as a GS. Between June 2001 and March 2020, Ripp was registered with FINRA at various points in time through five different member firms in addition to his registration through Bradley Woods. Ripp also became registered through Bradley Woods in numerous other capacities: General Securities Principal (October 2001), Financial and Operations Principal (March 2004), Research Analyst (December 2004), Investment Banking Representative (April 2010), Operations Professional (December 2011), Research Principal (July 2013), Investment Banking Principal (October 2018) and Compliance Officer (October 2018). Ripp currently remains registered through Bradley

Woods in all of these capacities. Ripp also owns Bradley Woods and, during the time period relevant to this AWC, Ripp was the Firm's President, Chief Executive Officer, Chief Compliance Officer and only supervisor.

Respondents do not have any relevant disciplinary history.

OVERVIEW

Between October 2015 and January 2018, Bradley Woods and Ripp failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA's rules concerning outside business activities (OBAs), in violation of FINRA Rules 3110 and 2010. Bradley Woods and Ripp also failed to (1) reasonably and timely review, and evidence the review of, OBAs that the firm's representatives engaged in and disclosed, in violation of FINRA Rules 3270 and 2010, and (2) timely amend five representatives' Uniform Applications for Securities Industry Registration or Transfer (Forms U4) to disclose eight OBAs, in violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rule 2010.

Between January 2017 and January 2018, Bradley Woods and Ripp failed to establish and maintain a supervisory system, including WSPs, reasonably designed to achieve compliance with its due diligence and filing obligations for private placements, in violation of FINRA Rules 3110 and 2010. Bradley Woods and Ripp also failed to submit required offering documents to FINRA within 15 calendar days of the date of first sale for three private placements, in violation of FINRA Rules 5123 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2018 cycle examination of Bradley Woods.

Respondents' Violations Related to OBAs.

FINRA Rule 3110(a) requires FINRA members "establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." FINRA Rule 3110(b) requires that each FINRA member "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with the applicable securities laws and regulations, and with applicable FINRA rules."

FINRA Rule 3270 prohibits a representative from engaging in an OBA unless "he or she has provided prior written notice to the member, in such form as specified by the member." The Supplementary Material to FINRA Rule 3270 (FINRA Rule 3270.01), which sets forth a member's obligations when it receives notice of a representative's OBA, further provides that:

Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or

otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity. A member also must evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of Rule 3280. A member must keep a record of its compliance with these obligations with respect to each written notice received and must preserve this record for the period of time and accessibility specified in SEA Rule 17a-4(e)(1).

Article V, Section 2(c) of FINRA's By-Laws requires that every Form U4 "be kept current at all times by supplementary amendments." Such amendments shall be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." The "Other Business" section of the Form U4 requires a registered representative to disclose if they are "*currently* engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise."

A violation of FINRA Rules 3110 and 3270 and Article V, Section 2(c) of FINRA's By-Laws also constitutes a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade."

During the relevant period, Ripp was responsible for the firm's WSPs and for supervising the firm's registered representatives, including reviewing, approving, and documenting their OBAs. With respect to OBAs, the firm's WSPs did not require representatives to provide written notice of their OBAs to the firm. The WSPs also failed to address the requirements in Rule 3270.01 that the firm (1) review OBAs to determine whether the activity is more properly characterized as a private securities transaction (PST) and (2) keep records reflecting the review of OBAs.¹

During the relevant period, Ripp and the firm also failed to conduct a reasonable review of OBAs that the firm's representatives disclosed. Specifically, Ripp and the firm failed to: (1) document any review of 14 OBAs; (2) timely document the review of eight OBAs; and (3) document a reasonable review of 11 OBAs. In particular, Ripp's analysis of each OBA failed to provide what factors he considered in reviewing the OBAs to determine if it was appropriate for the representatives to engage in them while at the firm, whether specific conditions or limitations should be imposed on the OBAs, and any factors he considered to ensure that the activities were properly characterized as OBAs and not PSTs. In addition, Ripp and the firm failed to timely update the Forms U4 for five

¹ The firm has since updated its WSPs with respect to OBAs.

representatives to reflect their involvement with eight OBAs, with the delays in amending the representatives' Form U4s ranging from two months to more than one year.

Therefore, Bradley Woods and Ripp violated FINRA Rules 3110, 3270 and 2010 and Article V, Section 2(c) of FINRA's By-Laws.

Respondents' Violations Related to Private Placements.

FINRA Rule 5123(a) states, in pertinent part, that "[e]ach member that sells a security in a non-public offering in reliance on an available exemption from registration under the Securities Act ('private placement') must: (i) submit to FINRA, or have submitted on its behalf by a designated member, a copy of any private placement memorandum, term sheet or other offering document, including any materially amended versions thereof, used in connection with such sale within 15 calendar days of the date of first sale; or (ii) notify FINRA that no such offering documents were used." A violation of FINRA Rule 5123 is also a violation of FINRA Rule 2010.

A broker-dealer has a duty to conduct a reasonable investigation concerning any private placement offering that it recommends and sells to its customers. FINRA Regulatory Notice 10-22 explains that the amount and nature of the investigation turns on various factors, including, but not limited to, "the nature of the recommendation, the role of the broker in the transaction, its knowledge and relationship to the issuer, and the size and stability of the issuer." Regulatory Notice 10-22 further reminds firms that they must have supervisory procedures that are reasonably designed to ensure, among other things, that the firm's personnel investigate each private placement the firm recommends and that they do so in a manner that is sufficiently rigorous to comply with all legal and regulatory requirements. The Regulatory Notice additionally states that broker-dealers should retain records documenting both the process and results of its investigation.

In addition to his responsibility for the firm's WSPs, Ripp also was responsible for reviewing and approving private placements. Between January 2017 and January 2018, the firm's WSPs did not address Rule 5123's filing requirements. In addition, with respect to due diligence, although the WSPs outlined categories of information that the firm should typically collect with respect to private placements, the WSPs did not state how the firm's review of those materials should be conducted or memorialized.²

Between January 2017 and January 2018, Bradley Woods offered and sold three private placements involving two issuers pursuant to the Regulation D exemption. In the aggregate, the Firm made 45 sales totaling approximately \$10.7 million. Bradley Woods and Ripp failed to submit a copy of any private placement memoranda, term sheet or other offering document to FINRA, as required by Rule 5123(a), within 15 days of the first date of sale of the private placements.

Bradley Woods and Ripp also failed to evidence a reasonable due diligence review of the three private placements. Although the firm collected certain documents and information

² The firm has since updated its WSPs with respect to private placements.

related to the offerings, Respondents did not memorialize how the due diligence was conducted nor did Respondents document their conclusions with respect to the merits of the offerings.

Therefore, Bradley Woods and Ripp violated FINRA Rules 3110, 5123 and 2010.

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

- For Bradley Woods, a censure;
- For Ripp, a two-month suspension from associating with any FINRA member in all principal capacities with the exception of any activities requiring registration as a Financial and Operations Principal;
- For Bradley Woods and Ripp, a fine in the total amount of \$50,000, allocated as follows:
 - A \$40,000 fine for Bradley Woods; and
 - A \$10,000 fine, joint and several, for Bradley Woods and Ripp.

Respondents agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fine imposed.

Respondents specifically and voluntarily waive any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent Ripp understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, 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, Respondent may not be associated with any FINRA member in a principal capacity with the exception of any activities requiring registration as a Financial and Operations Principal, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against them;
- 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, Respondents 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 its acceptance or rejection.

Respondents 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

Respondents 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
 - 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 its subject matter in accordance with FINRA Rule 8313; and
 4. Respondents 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. Respondents 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 Respondents' testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

The undersigned, on behalf of Respondent Bradley Woods & Co. Ltd., certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent Bradley Woods & Co. Ltd. to submit this AWC.

4/30/21

Date



Bradley Woods & Co. Ltd.
Respondent

Print Name: Daniel Ripp_____

Title: President_____

Respondent Ripp 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 Ripp has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

4/30/21

Date



Daniel Ripp
Respondent

Reviewed by:



Michael H. Ference, Esq.
Counsel for Respondents
Sichenzia Ross Ference LLP
1185 Avenue of the Americas, 37th Floor
New York, NY 10036

Accepted by FINRA:

May 14, 2021
Date

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

Michael Perkins

Michael Perkins
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place, 200 Liberty Street
New York, NY 10281