

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018057266702**

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

RE: Francisco Javier Valenzuela, Respondent
Former General Securities Representative
CRD No. 2786970

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Francisco Javier Valenzuela 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

Respondent entered the securities industry in 1996, when he registered as a General Securities Representative through a FINRA member firm. He thereafter registered through successive FINRA member firms. In March 2015, he registered through Morgan Stanley Smith Barney LLC ("Morgan Stanley") as a General Securities Representative. On January 25, 2018, Morgan Stanley filed a Uniform Termination Notice for Securities Registration ("Form U5"), terminating Respondent's registration. The Form U5 disclosed the reason for the termination as, "Management discretion not to implement additional required supervisory procedures."

Although Respondent is no longer registered or associated with a FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Respondent has no prior disciplinary history with the U.S. Securities and Exchange Commission, any state securities agency, FINRA or any other self-regulatory

organization.

OVERVIEW

Respondent willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose a federal tax lien in the amount of \$150,967 in violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

Additionally, during FINRA's investigation into Respondent's federal tax lien and the circumstances of Respondent's termination from Morgan Stanley, Respondent failed to timely respond to requests for documents and information sent pursuant to FINRA Rule 8210 in violation of FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

Willful Failure to Disclose Federal Tax Lien

Article V, Section 2(c) of FINRA's By-Laws requires that Forms U4 be kept current at all times and that amendments to Forms U4 be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 prohibits filing with FINRA information with respect to registration "which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." A violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rule 1122 also constitutes a violation of FINRA Rule 2010, which requires members and associated persons to observe "high standards of commercial honor and just and equitable principles of trade."

At all relevant times, Question 14M of Form U4 asked: "Do you have any unsatisfied judgments or liens against you?" If the answer is yes, the registered person is required to disclose details about the judgment or lien on the Form U4.

The Internal Revenue Service filed a tax lien against Respondent on or about December 30, 2014, in the amount of \$150,967. Respondent knew about the tax lien no later than April 20, 2015. However, he failed to amend his Form U4 to disclose the tax lien.

By willfully failing to disclose the tax lien, Respondent violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

Failure to Timely Respond to Rule 8210 Requests for Documents and Information

FINRA Rule 8210 authorizes FINRA to require an associated person "to provide information . . . in writing, or electronically . . . if requested, with respect to any matter involved in the investigation . . ." FINRA Rule 8210(c) further states that "[n]o member or [associated] person shall fail to provide information . . . or to permit an inspection and copying of books, records, or accounts pursuant to this Rule." A violation of FINRA

Rule 8210 also violates FINRA Rule 2010.

On May 11, 2018, June 5, 2018, and June 26, 2018, FINRA staff sent requests for documents and information to Respondent pursuant to FINRA Rule 8210 relating to Respondent's tax lien and the circumstances of his termination from Morgan Stanley. His responses to these requests were due on May 25, 2018, June 19, 2018, and July 10, 2018, respectively. After not receiving responses to these requests, FINRA staff issued a Notice of Suspension to Respondent pursuant to FINRA Rule 9552 on July 20, 2018. Respondent was suspended from association with any FINRA member firm pursuant to FINRA Rule 9552 on August 13, 2018. Respondent sent a letter to FINRA, dated September 28, 2018, requesting that his suspension be terminated and providing partial responses to the May and June 2018 requests. Respondent supplemented his incomplete responses to the May and June 2018 requests on February 4, 2019.

FINRA's investigation continued, and FINRA staff sent additional requests for documents and information to Respondent pursuant to FINRA Rule 8210, including requests dated August 26, 2019, and September 17, 2019. His responses to these two requests were due on September 9, 2019, and September 24, 2019, respectively. Respondent failed to respond to the August and September 2019 requests until November 20, 2019.

By failing to timely respond to requests for documents and information sent pursuant to FINRA Rule 8210, Respondent violated FINRA Rules 8210 and 2010.

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

- a suspension from associating with any FINRA member in any capacity for a period of eight months; and
- a fine of \$10,000.

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.

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.

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.

Respondent understands that this settlement includes a finding that he willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes him subject to a statutory disqualification with respect to association with a member.

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 understands and acknowledges that FINRA does not represent or advise him and Respondents cannot rely on FINRA or FINRA staff members for legal advice. 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.

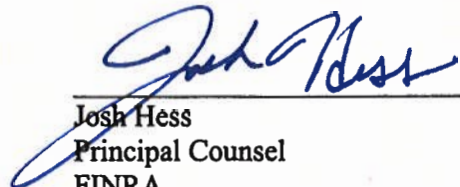
12/02/2019
Date


Francisco Javier Valenzuela
Respondent

Accepted by FINRA:

12-17-19
Date

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


Josh Hess
Principal Counsel
FINRA
Department of Enforcement
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Rockville, MD 20850