

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018057690301**

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

RE: Louis Cook, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 2469412

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Louis Cook ("Respondent" or "Cook") 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

Cook became a registered representative in the securities industry in September 1995 when he associated with a FINRA-regulated broker-dealer as an Investment Company Products/Variable Contracts Representative. Between November 2009 and November 2017, he was associated with former FINRA member firm National Planning Corporation ("NPC"). Cook voluntarily resigned from NPC, and on November 3, 2017, NPC filed a Uniform Termination Notice of Securities Registration ("Form U5") terminating Cook's association with NPC. On November 1, 2017, Cook became registered with FINRA through his association with member firm Securities Service Network, LLC ("SSN"). On March 6, 2018, SSN filed a Form U5 terminating Cook's registration and reporting that Cook was "terminated at the conclusion of an internal investigation of Mr. Cook's fee debiting of client variable annuities." On July 6, 2018, NPC filed an Amended Form U5 disclosing a customer complaint alleging "fees were debited from variable annuity without proper disclosure." Cook has not been associated with any FINRA-regulated broker-dealer since SSN terminated his employment. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Respondent 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 August and December 2016, Cook sent letters to at least 11 of his NPC customers, requesting that they sign a Third Party Authorization Form. The Third Party Authorization Form permitted the customers to designate Cook to make changes and/or withdraw funds from the policy value of their variable annuity to pay advisory fees. Many of these customers were elderly investors or the parents of developmentally disabled children, who Cook had met through his approved outside business activity. Cook made a number of intentional misrepresentations in the letters, including that the Third Party Authorization Forms were needed for him to continue to service the customers' variable annuity policies and that the forms were triggered by the Department of Labor's "Fiduciary Rule." Relying upon Cook's misrepresentations, the customers signed the Third Party Authorization Forms, which Cook subsequently used to withdraw more than \$150,000 from their variable annuity accounts. The customers did not intend to authorize Cook to withdraw funds from their variable annuities for his own personal use. Cook improperly used those funds. By making intentional misrepresentations to his customers, which induced them to sign the Third Party Authorization Forms, Cook violated FINRA Rule 2010. By improperly using funds from his customers' variable annuities for his own personal use, Cook separately violated FINRA Rules 2150(a) and 2010.

FACTS AND VIOLATIVE CONDUCT

Between August and December 2016, while he was associated with NPC, Cook sent a cover letter accompanied by a Third Party Authorization Form to at least 11 of his NPC customers, all of whom had purchased variable annuities through Cook and NPC. Cook did not submit the correspondence to NPC for review. Cook had met the customers through his approved outside business activity, a company that purportedly specialized in financial planning for parents and caregivers of individuals with special needs and advised the customers about Medicaid eligibility and other long-term care and special needs matters. Many of these customers were financially unsophisticated, elderly or parents of children with developmental disabilities.

Cook made a number of intentional misrepresentations in the cover letter accompanying the Third Party Authorization Form, including claiming: 1) that the Third Party Authorization Form was necessary to allow Cook to continue to service the variable annuity; 2) that the authorization was triggered by the Department of Labor's "Fiduciary Rule;" and 3) that taking no action may limit the customers' choices going forward. These statements were false because: 1) the authorization was not necessary to allow Cook to continue to service the policy; 2) no part of the Department of Labor's

"Fiduciary Rule" triggered a requirement for customers to sign the form; and 3) taking no action regarding the form had no effect on the customers' choices going forward.

Based on Cook's misrepresentations, 11 customers signed and returned the Third Party Authorization Forms, which allowed Cook to make withdrawals from their variable annuities. The customers did not intend to authorize Cook to withdraw funds from their variable annuities for his own personal use. Upon receiving the signed forms from the customers, Cook transmitted the forms to the variable annuity company. Between August 2016 and February 2018, while he was associated with NPC and then later when he moved to SSN, Cook used the Third Party Authorization Forms to withdraw more than \$150,000 from the customers' variable annuities and then directed that those amounts be deposited into his bank account away from his firms. (Of the 11 customers who had signed the Third Party Authorization Forms while Cook was at NPC, 10 followed Cook from NPC to SSN and became SSN customers.) Based on the foregoing, Cook was not entitled to these customer funds, and he made improper use of such funds.

Misrepresentations to Customers

FINRA Rule 2010 requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade." Making written misrepresentations to customers fails to comport with those standards.

Between August and December 2016, Cook made written misrepresentations to at least 11 customers 1) that the Third Party Authorization Form was necessary to allow Cook to continue to service the variable annuity; 2) that the authorization was triggered by the Department of Labor's "Fiduciary Rule;" and 3) that taking no action may limit the customers' choices going forward. By virtue of the foregoing, Cook violated FINRA Rule 2010.

Improper Use of Customer Funds

FINRA Rule 2150(a) provides that "[n]o member or person associated with a member shall make improper use of a customer's securities or funds." Associated persons make improper use of customer funds when they fail to apply the funds, or use them for some purpose other than, as directed by the customer. Improper use of customer funds violates FINRA Rule 2010, which requires associated persons to observe "high standards of commercial honor and just and equitable principles of trade."

Between August 2016 and February 2018, Cook transmitted the signed Third Party Authorization Forms to the variable annuity company, directed disbursements from the customers' variable annuities and made improper use of more than \$150,000 in customer funds from 11 customers. By virtue of the foregoing, Cook violated FINRA Rules 2150(a) and 2010.

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

A bar from associating with any FINRA member firm in any and all capacities.

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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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.

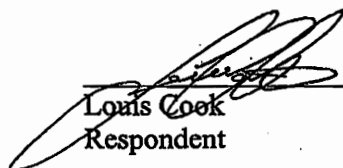
OTHER MATTERS

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.

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.

MARCH 2, 2020
Date



Louis Cook
Respondent

Accepted by FINRA:

3/3/2020
Date

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



Jasmine L. Abraham
Counsel
FINRA
Department of Enforcement
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