

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2018058496901**

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

RE: Christopher Lowell Childers, Respondent
CRD No. 2175772
Investment Company Shares and Variable Contracts Representative

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Christopher Lowell Childers ("Childers" or "Respondent") 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

Childers first became registered with FINRA through an association with a FINRA member firm in January 1992. From October 2009 to April 2018, Childers was registered with FINRA through an association with Cambridge Investment Research, Inc. ("Cambridge" or the "Firm"). Cambridge permitted Childers to resign on April 13, 2018. Although Childers is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Childers does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

In connection with a customer's purchase of a variable annuity ("VA"), Childers failed to timely execute the customer's transaction, which resulted in an almost four-month delay in the customer's investment, in violation of FINRA Rule 2010. In order to belatedly execute this transaction, Childers re-dated the customer's VA application, thus falsifying the document, also in violation of FINRA Rule 2010. Childers caused his Firm to maintain inaccurate books and records, in violation of Section 17 of the Securities Exchange Act of 1934 ("Exchange Act") and Exchange Act Rule 17a-3. Through this conduct, Childers violated FINRA Rules 4511 and 2010. Finally, to create the false impression that he had already submitted the VA transaction for approval, Childers provided the customer with a falsified VA account statement. By creating a false account statement, Childers violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2010 requires that FINRA members and associated persons, in the conduct of their business, observe high standards of commercial honor and just and equitable principles of trade. Falsifying documents is unethical conduct that violates FINRA Rule 2010. Additionally, maintaining high standards of commercial honor includes, among other things, failing to follow customer instructions in a timely, prompt, and appropriate manner.

FINRA Rule 4511 requires members to make and preserve books and records as required under the FINRA Rules, Section 17 of the Exchange Act and the applicable Exchange Act rules. SEC Rule 17a-3 requires every broker-dealer to make and keep current a memorandum of each brokerage order and "any other instruction given or received for the purchase or sale of securities." Implicit in Rule 4511 is the requirement that the records maintained be true and accurate. A violation of FINRA Rule 4511 also constitutes a violation of FINRA Rule 2010.

Failure to Follow Customer Instructions

In October 2017, Childers recommended that customer JR purchase a VA to consolidate her gains from another VA with a smaller retirement account. JR accepted this recommendation, and signed and dated the VA application completed for her by Childers on October 18, 2017. In early November, Childers realized that he failed to have JR identify contingent beneficiaries and complete a state replacement form. JR provided the contingent beneficiary information on November 6, 2017, and the state replacement form on December 19, 2017. Childers, however, failed to submit this VA application to the issuer until February 14, 2018.

By failing to promptly obtain additional information needed to complete the application, and thereafter failing to promptly submit that application to the issuer, Childers delayed the execution of JR's VA purchase by almost four months. By delaying the execution of

JR's order, Childers violated FINRA Rule 2010.¹

Falsification of Date on VA Application, Thereby Causing the Firm to Maintain Inaccurate Books and Records

In early January 2018, JR noticed that the funds designated for her new VA had not been transferred. When she questioned Childers, he told her that the forms were over sixty days old and would need to be re-dated or re-signed. JR told Childers that she wanted the VA application processed as soon as possible. Childers interpreted JR's statement as permission to re-date her October 2017 VA application.

Childers changed the date on JR's VA application to January 25, 2018, and submitted that application to the issuer on February 14, 2018. By altering the date on JR's VA application, Childers violated FINRA Rule 2010. Childers' falsification of the dates on JR's VA application was an accommodation to her regarding a transaction she previously authorized.

Childers' falsification of the date on JR's October 2017 VA application caused Cambridge to maintain inaccurate books and records. Through this conduct, Childers violated FINRA Rules 4511 and 2010.

Falsification of VA Account Statement

In late January 2018, JR contacted Childers again and asked why the designated funds still had not been transferred to her new VA. In response, on or about January 25, 2018, Childers created a fake account statement for JR's planned VA purchase, which he provided to JR. As of January 25, 2018, Childers had not submitted JR's VA application to the issuer and no account existed for JR. In order to create the false impression that the VA application had already been submitted, this fake statement listed the new VA issue date as December 26, 2017. By creating a falsified account statement, Childers violated FINRA Rule 2010.

When Cambridge discovered Childers' falsification of JR's VA application and creation of a false VA statement, Childers admitted to his misconduct and was permitted to resign from the Firm.

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

- A suspension of four months from associating with any FINRA member firm in any capacity; and
- A \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member

¹ On June 27, 2018, JR signed a settlement agreement with Cambridge for \$3,816.40, which represented market movement related gains that would have hypothetically occurred had JR's VA application been timely processed.

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.

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.

Respondents 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 Respondent 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.

8/26/19
Date (mm/dd/yyyy)


Christopher Lowell Childers
Respondent

Accepted by FINRA:

09/18/2019
Date

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


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