

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Jason Howell Poff
CRD No. 4078570,

Respondent.

Disciplinary Proceeding
No. 2018058501502

Hearing Officer—MJD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 13, 2021

INTRODUCTION

Disciplinary Proceeding No. 2018058501502 was filed on December 23, 2020, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA or Complainant). Respondent Jason Howell Poff submitted an Offer of Settlement (Offer) to Complainant dated May 13, 2021. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of

Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Poff first became registered with FINRA as a General Securities Representative in February 2000 through an association with a FINRA member. Between February 2000 and January 2014, Poff was registered with FINRA through associations with four member firms. In January 2014, Poff became registered with FINRA as a General Securities Representative through an association with LPL.

On May 8, 2018, LPL filed a Form U5 (Uniform Termination Notice of Securities Industry Registration) disclosing that Poff voluntarily resigned from LPL while he was under internal review for violating firm policy regarding outside business activities.

In June 2018, Poff became registered through another member firm where he remains employed and registered.

Poff is currently registered with FINRA and is therefore subject to FINRA's jurisdiction.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

From February 2016 through February 2018, while registered with FINRA through LPL Financial LLC, Jason Howell Poff engaged in two undisclosed and unapproved outside business activities (OBAs) through a business that he owned and operated. In February 2016, Poff disclosed Ursus Consulting LLC, a Texas company that he solely owned, to LPL and sought approval from LPL to engage in vending machine consulting through the company. Upon review of the company and proposed OBA, LPL denied approval. Nevertheless, Poff, through Ursus

Consulting, served as a loan officer with the expectation of compensation for an entity that was operated by two individuals whom the Securities and Exchange Commission (SEC) had previously charged with fraud. Poff never disclosed this activity to LPL, nor did LPL approve it. Then, in 2017 and 2018, Poff performed work with the expectation of compensation through Ursus Consulting for an individual who was establishing a family investment office. Again, Poff did not make any additional disclosures to, or receive approval from, LPL. By engaging in undisclosed and unapproved OBAs, Poff violated FINRA Rules 3270 and 2010.

In addition, Poff falsely attested to LPL on annual firm compliance questionnaires in August 2016 and September 2017 that he had disclosed all OBAs to the firm and that he was not engaging in any activity for OBAs that were not approved, including Ursus Consulting. By making false attestations to a member firm, Poff violated FINRA Rule 2010.

FACTS

Poff Incorporates Ursus Consulting and Applies to LPL for OBA Approval

At all relevant times, LPL's policies required registered representatives to provide prior written notice and obtain approval of any OBA. The firm's Financial Advisor Compliance Manual states, a "[r]egistered individual must obtain their OSJ Branch Manager's approval for the outside business before submitting to Advisor Review for consideration." Further, the policy mandates, "[w]ritten approval must be issued by Advisor Review before engaging in the requested outside business activity."

Poff filed Articles of Organization for Ursus Consulting with Texas on September 1, 2015. Ursus Consulting was incorporated with the Texas Secretary of State on February 8, 2016. Poff was the sole owner and president of Ursus Consulting.

On February 10, 2016, Poff filed an OBA application for Ursus Consulting through the Firm's intranet registration platform. Poff described Ursus Consulting as a "Management Consulting Company" with a proposed start date of February 15, 2016. On February 11, 2016, Poff received branch manager approval to send the OBA request to the compliance department for consideration.

On February 29, 2016, in response to follow up questions from the compliance department, Poff sent an email further describing his proposed OBA. Poff explained that he previously owned a successful vending machine business and planned to leverage his knowledge to assist another vending machine business. Poff described the vending machine consulting services he intended to perform, including creating a brand and business model and assisting in filings with the state. Poff stated, "I have also made it clear that we will NOT help with any asset raise, banking or financial relationship of any kind." Poff concluded, "I need the approval from Compliance before I really commit."

LPL's compliance department disapproved Poff's OBA on February 29, 2016. The firm's escalation committee upheld the disapproval on March 16, 2016.

Poff Engages in Outside Business Activities Through Ursus Consulting for the CSS Entities

From February 2016 through September 2016, Poff, through Ursus Consulting, engaged in business activities for CSS and SSCD (collectively, the CSS Entities).

Poff never provided LPL with written notice of his or Ursus Consulting's business activities for the CSS Entities and did not receive approval to engage in any business activities for the CSS Entities.

BY and JS were Poff's primary contacts at the CSS Entities.

In 2007, the SEC filed a complaint in federal court charging BY and JS with orchestrating fraudulent securities offerings and conducting an offering of unregistered securities, and in 2011, the court entered final judgments against BY and JS imposing fines and permanently enjoining them from future violations of Sections 5 and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 and Rule 10b-5.

In early 2016, BY and JS told Poff that they wanted Poff's help with their lending program. Specifically, BY and JS wanted Poff to communicate with potential borrowers and gather their data and information for loan documents. On January 15, 2016, Poff signed a Corporate Resolution of Ursus Consulting stating, "Ursus Consulting LLC will consider a Services Agreement with [one of the CSS Entities]."

Starting around February 2016, Poff and two other registered representatives associated with LPL who Poff had recruited began to gather potential borrowers' information through Ursus Consulting for the CSS Entities in preparation for obtaining loans. Potential borrowers communicated with Ursus Consulting at two email addresses linked to Ursus Consulting from at least March 2, 2016 through at least May 16, 2016.

Between February 20, 2016 and April 12, 2016, Poff, holding himself out as President of Ursus Consulting, drafted at least 24 consulting contracts for potential borrowers, at least eight of which were executed by the potential borrowers. Pursuant to the consulting contracts, Ursus Consulting was to facilitate "Cashier's Check Processing" and "Transfer of received funds to the accounts as directed by" the potential borrower. Certain of these potential borrowers also signed powers of attorney granting Ursus Consulting authority to process a cashier's check that the CSS Entities would issue, and then direct funds received from the CSS Entities to the potential borrower's account.

Along with the consulting contracts and powers of attorney for potential borrowers, Ursus Consulting retained in its files copies of documents described as “Cashier’s Checks” that the CSS Entities issued to those potential borrowers for amounts ranging from \$150,000 to \$1 billion.

Poff marketed the CSS Entities’ product to at least one LPL customer. In 2016, Poff pitched a CSS loan to his LPL customer, Customer A, who was a senior citizen at that time. In March 2016, Customer A signed a consulting contract and three limited powers of attorney relating to the CSS loan program.

Poff and a colleague at Ursus Consulting continued to email each other about the work for the CSS Entities using Ursus Consulting email accounts through September 2016.

Poff expected to receive compensation for his work, through Ursus Consulting, for the CSS Entities. In fact, Poff hoped to be paid enough from his business with the CSS Entities to leave LPL completely.

Poff Engages in Outside Business Activities for MGA

From May 2017 through February 2018, Poff engaged in business activity for MGA outside the scope of his employment with LPL.

Poff never provided LPL with written notice of his or Ursus Consulting’s business activities with MGA and did not receive approval for this business activity.

RH, who was setting up a family investment office, owned MGA and was interested in buying and selling fixed income products. Poff opened an account for MGA at LPL on December 8, 2016, but was told that LPL did not deal in the debt securities RH wished to trade.

On May 1, 2017, Poff signed a Corporate Resolution of Ursus Consulting that stated, “Therefore, it is resolved: Ursus Consulting, LLC will consider the contract proposal by [MGA]

to provide services to establish a family office for the benefit of [MGA]. Should an agreement be reached, this will require a resignation from LPL Financial of Jason Poff and any other related licensed individuals associated with FINRA member firms.”

In May 2017, Poff signed and had notarized an independent contractor/consultant agreement with MGA. The contract stated that Poff, through Ursus Consulting, would be paid \$50,000 per month to “provide to the Company professional services in the area of Senior Vice President as directed, needed and required” from May 2017 through December 2019.

From August 2017 through February 2018, while associated with LPL, Poff assisted MGA and RH in several bond transactions. For example, Poff wrote to a potential counterparty in August 2017 regarding MGA’s interest in depositing a real estate mortgage investment conduit with the potential counterparty’s institution in order to obtain a \$50 million line of credit. In February 2018, Poff communicated with RH and a potential counterparty about MGA’s interest in selling a €1.5 billion medium-term note. Also in February 2018, Poff wrote a letter on behalf of MGA to a potential counterparty regarding the transfer of a restricted debt security issued by an energy company in Alaska to MGA.

Poff stopped engaging in this undisclosed and unapproved OBA after LPL learned of it and began an investigation.

Poff’s False Compliance Certifications

On August 2, 2016 and September 13, 2017, Poff provided false information on his 2016 and 2017 annual compliance questionnaires for LPL, respectively.

Question 1 in the OBA section of the 2016 and 2017 questionnaires instructed Poff to view current OBAs on file with LPL and confirm that all OBAs, “regardless of whether or not you are compensated or receive any economic benefit in any manner” were disclosed.

Although Ursus Consulting was not among Poff's approved OBAs on file in August 2016 or September 2017, on both dates, Poff answered, "I confirm."

Question 2 in the OBA section of the 2016 questionnaire instructed Poff to view "disapproved or terminated" OBAs on file with LPL. Ursus Consulting was listed as a disapproved OBA.

On the 2016 questionnaire, Question 2 continued, "Please confirm you understand that engaging in any of these disapproved or terminated activities is prohibited." Poff answered, "I confirm."

Question 2 in the OBA section of the 2017 questionnaire similarly instructed Poff to view "disapproved or terminated" OBAs on file with LPL, and again Ursus Consulting was listed as a disapproved OBA.

Question 2 continued, "Have you engaged in any of these disapproved or terminated activities?" Poff answered, "No."

Poff's responses to the 2016 and 2017 questionnaires were false.

In 2016, after LPL had disapproved Ursus Consulting as an OBA, Poff continued to work for the CSS Entities through Ursus Consulting and did not dissolve the company. Through at least September 2016, Poff was communicating with an Ursus Consulting colleague about CSS Entities business.

In 2017, Poff created and signed an independent contractor/consultant agreement between Ursus Consulting and MGA. As of September 2017, Poff, through Ursus Consulting, was attempting to assist MGA with bond transactions away from LPL.

**FIRST CAUSE OF ACTION
FAILURE TO DISCLOSE OUTSIDE BUSINESS ACTIVITIES**

(Violation of FINRA Rules 3270 and 2010)

FINRA Rule 3270 provides that “[n]o registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.”

A violation of FINRA Rule 3270 also constitutes a violation of FINRA Rule 2010, which requires that associated persons “shall observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

LPL’s written policies in effect while Poff was registered through the firm required registered representatives to provide prior written notice of any OBA and receive written approval before engaging in the OBA.

Poff incorporated Ursus Consulting on February 8, 2016 and served as Ursus Consulting’s president and sole owner from that time forward.

From February 2016 through February 2018, while registered through LPL, Poff conducted business outside the scope of his relationship with LPL through Ursus Consulting with both the CSS Entities and MGA. He executed consulting contracts and drafted powers of attorney with potential borrowers in pursuit of business opportunities with the CSS Entities. Poff negotiated securities transactions on behalf of MGA. Poff expected and hoped to be compensated by the CSS Entities and MGA for his services.

Poff first filed an OBA application for Ursus Consulting on February 10, 2016. Poff described Ursus Consulting as a “Management Consulting Company,” and subsequently explained to LPL that he planned to engage in vending machine consulting. LPL denied Poff’s OBA application for Ursus Consulting on March 16, 2016.

Poff proceeded to engage in activities through Ursus Consulting even after it was denied approval and without notice to or approval by LPL.

Poff never provided LPL with any written notice of his actual business activities through Ursus Consulting with the CSS Entities and MGA. Poff did not provide LPL with notice of his intent to enter consulting contracts with the CSS Entities and MGA, to assist in the creation of a loan facility for the CSS Entities, to assist in the opening of a family office for MGA, or to assist MGA in bond transactions away from LPL.

As a result of the foregoing conduct, Poff violated FINRA Rules 3270 and 2010.

SECOND CAUSE OF ACTION FALSE COMPLIANCE CERTIFICATIONS

(Violation of FINRA Rule 2010)

FINRA Rule 2010 requires that associated persons, “in the conduct of [their] business, shall observe high standards of commercial honor and just and equitable principles of trade.”

Making false and misleading statements on a compliance form is inconsistent with high standards of commercial honor and just and equitable principles of trade and violates FINRA Rule 2010.

As alleged above, Poff made false and misleading statements in answers related to his outside business activities in his 2016 and 2017 annual compliance questionnaires.

As a result of the foregoing conduct, Poff violated FINRA Rule 2010.

Based on the foregoing, Respondent violated FINRA Rules 3270 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be sanctioned as follows:

- a three-month suspension from association with any FINRA member in any capacity; and
- a fine of \$5,000.

Respondent agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

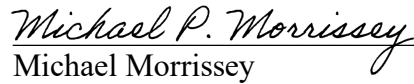
Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent 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 herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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


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