

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019061329901**

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

RE: Ian E. James (Respondent)
General Securities Representative
CRD No. 2602300

Pursuant to FINRA Rule 9216, Respondent Ian E. James 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 in this AWC.

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

James first associated with a FINRA member and registered with FINRA as an Investment Company and Variable Contracts Products Representative (IR) in 1995. From 1996 to 2014, James associated with numerous different FINRA members and registered with FINRA in different capacities, including as an IR, General Securities Representative (GS), and General Securities Principal (GP).

In July 2014, James associated with Investacorp, Inc., a FINRA member, and registered with FINRA as an IR, GS, and GP. On May 12, 2020, Investacorp filed a Uniform Termination Notice of Securities Industry Registration (Form U5) on James's behalf disclosing that he had voluntarily terminated his association with the firm as of that date.

After leaving Investacorp, James associated with another FINRA member and registered with FINRA as an IR, GS, and GP.¹

¹ For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

Between July 2015 and November 2016, while associated with Investacorp, James failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (Form U4) to disclose a federal tax lien totaling \$59,997.08. As a result, James violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

In addition, between April and May 2018, while still associated with Investacorp, James engaged in an outside business activity without providing written notice to his member firm, in violation of FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

James Failed to Timely Disclose a Federal Tax Lien

Article V, Section 2(c) of FINRA's By-Laws requires that associated persons keep their Form U4 "current at all times," and that amendments be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 states that "[n]o . . . person associated with a member shall file 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."

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of FINRA Rule 1122 also constitutes a violation of FINRA Rule 2010.

Disclosure Question 14M on Form U4 asks registered representatives: "Do you have any unsatisfied judgments or liens against you?"

At all relevant times, Investacorp's Written Supervisory Procedures (WSPs) required registered representatives to promptly notify the registration department of the firm in writing of any necessary updates to their Form U4.

On or about July 14, 2015, James became aware that the IRS had filed a \$59,997.08 tax lien against him. Subsequently, on February 12, 2016, James inaccurately stated on the annual compliance questionnaire he submitted to Investacorp that he had "made all necessary amendments to [his] Form U4, where required by FINRA . . . [i]ncluding but not limited to, any information related to . . . liens," even though he had not done so. James belatedly disclosed this lien on his Form U4 on November 3, 2016, after FINRA inquired with the firm about it in October 2016.

Therefore, James violated FINRA Rules 1122 and 2010 and Article V, Section 2(c) of FINRA's By-Laws.

James Failed to Disclose an Outside Business Activity

FINRA Rule 3270 states, “[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 is also a violation of FINRA Rule 2010.

At all relevant times, the firm’s WSPs prohibited registered representatives from engaging in outside business activities without first disclosing the activity in writing and without first obtaining prior written approval.

During April and May 2018, through an entity he owned (the Entity), James made a capital contribution to a medical marijuana company (the Company), in the form of a promissory note, in exchange for a partial ownership interest in the Company. James also formed and became the managing member of a new limited liability company to engage in operational activity for the Company. James expected to serve as the Company’s chief financial officer, and he expected to obtain compensation in that capacity and in connection with his ownership interest in the Company, pending the submission of certain applications to the Louisiana Department of Agriculture and Forestry. However, subsequently during May 2018, James, through the Entity, filed a lawsuit that alleged, among other things, that the Company and its founder breached agreements that James had executed, such that James could not obtain future profits he had anticipated. James received a monetary settlement in connection with his lawsuit.

James engaged in these activities without providing prior written notice to his firm.

Therefore, James violated FINRA Rules 3270 and 2010.

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

- a two-month suspension from associating with any FINRA member in all capacities and
- a \$10,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC 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 specifically and voluntarily waives 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 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 in this AWC shall be effective on a date set by FINRA.

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 its acceptance or rejection.

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

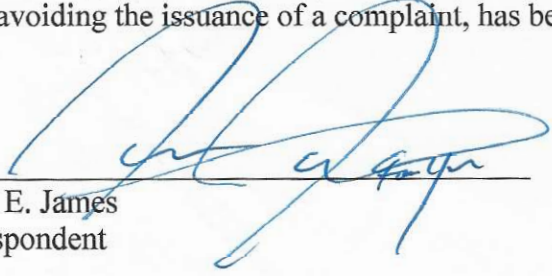
Respondent understands that:

- 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 its subject matter 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 testimonial obligations or 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.

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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

11/16/2021

Date

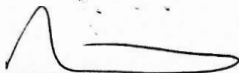


Ian E. James
Respondent

Reviewed by:



Joseph S. Simms, Esq.
Counsel for Respondent
Reminger Co. LPA
101 West Prospect Avenue
Suite 1400
Cleveland, OH 44115



Benjamin Winograd
Counsel for Respondent
AdvisorLaw, LLC
9737 Wadsworth Parkway
Suite 205
Westminster, CO 80021

Accepted by FINRA:

11/30/2021

Date

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



Corinna Provey
Counsel
FINRA
Department of Enforcement
200 Liberty Street, 11th Floor
New York, NY 10281