**FINANCIAL INDUSTRY REGULATORY AUTHORITY**
**LETTER OF ACCEPTANCE, WAIVER, AND CONSENT**
**NO. 2019061652403**

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

RE: Jonathan Craig Rich (Respondent)
Former General Securities Principal and Investment Banking Principal
CRD No. 2271478

Pursuant to FINRA Rule 9216, Respondent Jonathan Craig Rich 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 accepts and consents to the following findings by FINRA without admitting or denying them:

### BACKGROUND

Rich first registered with FINRA in September 1992 as a General Securities Representative (GS) through an association with a FINRA member firm. Since then, Respondent has been associated with numerous different member firms. On January 21, 2009, Respondent registered with FINRA as a GS, General Securities Principal (GP), and Registered Options Principal (OP) through his association with National Securities Corporation (CRD No. 7569). On November 19, 2009, Respondent registered with FINRA as an Investment Banking Representative (IB), on December 7, 2011, he registered with FINRA an Operations Professional (OS) and on October 1, 2018, he registered with FINRA as an Investment Banking Principal (BP), all through his association with National. On May 17, 2021, while associated with National, Respondent also became registered as a GS, GP, BP, IB, Municipal Securities Principal (MP), Municipal Securities Representative (MR), OP and OS through an association with another FINRA member firm that is an affiliate of National.

Rich resigned from National on April 8, 2022. On May 6, 2022, National filed a Form U5 reflecting Rich's termination from association with National and with the other member firm that is an affiliate of National. The Form U5 stated that Rich was "[p]ermitted to resign" based on "allegations of violation of Regulation M."

Respondent is not currently registered or associated with any FINRA member firm. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.[1]

## OVERVIEW

Respondent refused to provide on-the-record testimony in response to a FINRA Rule 8210 request. Therefore, Respondent violated FINRA Rules 8210 and 2010.

## FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2018 cycle examination of National.

FINRA Rule 8210(a)(1) states, in relevant part, that FINRA may require a person subject to its jurisdiction "to provide information orally, in writing, or electronically ... and to testify at a location specified by FINRA staff ... with respect to any matter involved in [a FINRA] investigation [or] examination." FINRA Rule 8210(c) further states that "[n]o ... person shall fail to provide information or testimony ... pursuant to this Rule." A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires member firms and associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade."

On May 26, 2022, FINRA sent a request to Respondent for on-the-record testimony pursuant to FINRA Rule 8210, in connection with an investigation into ten offerings underwritten by National and the firm's conduct during the associated restricted periods and in the immediate aftermarket. The request for testimony related to Respondent's role, as Head of Investment Banking, in connection with solicitation of aftermarket orders during the offerings' restricted periods and his supervision of the firm's representatives for compliance with Regulation M of the Securities Exchange Act of 1934 and FINRA Rule 5131(c). As stated in his counsel's email to FINRA on June 2, 2022, and by this agreement, Respondent acknowledges that he received FINRA's request and will not appear for testimony. By refusing to appear for testimony as requested pursuant to FINRA Rule 8210, Respondent violated FINRA Rules 8210 and 2010.

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

- a bar from associating with any FINRA member in 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.

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

The sanctions imposed in this AWC shall be effective on a date set by FINRA. 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 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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.

6/8/22
Date

Jonathan Craig Rich
Respondent

Reviewed by:

James D. Sallah, Esq.
Counsel for Respondent
Sallah Astarita & Cox, LLC
3010 North Military Trail, Suite 210
Boca Raton, FL 33431

Accepted by FINRA:

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

June 22, 2022

Date

Abigail Shechtman
Principal Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281-1003