

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019062347901**

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

RE: Garrett Scott Neubart (Respondent)
General Securities Representative
CRD No. 2558442

Pursuant to FINRA Rule 9216, Respondent Garrett Neubart 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

Neubart entered the securities industry in September 2000 when he became registered as a General Securities Representative (GSR) through his association with a FINRA member. He remained with that firm until 2006.

In April 2006, Neubart became registered as a GSR through his association with FINRA member Deutsche Bank Securities Inc. (Deutsche Bank), where he is currently associated.¹ Neubart remains subject to FINRA's jurisdiction given his current association with a FINRA member firm.

OVERVIEW

From September 2017 through November 2018, while associated with Deutsche Bank, Neubart violated FINRA Rules 3270 and 2010 by engaging in an outside business activity without providing prior written notice to the firm.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from a filing by Deutsche Bank under FINRA Rule 4530 in April 2019.

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 is also a violation of FINRA Rule 2010, which requires associated persons to “observe high standards of commercial honor and just and equitable principles of trade.”

During the relevant period, Deutsche Bank’s written procedures required its associated persons to provide written notice to the firm and receive the firm’s approval prior to engaging in any outside business activities.

During the relevant period, Neubart was employed as a director in Deutsche Bank’s Institutional Equity Sales Group. In that role, Neubart serviced institutional clients. His job responsibilities did not include introducing service providers to his clients or colleagues at Deutsche Bank.

From September 2017 through November 2018, Neubart scheduled and attended meetings between an artificial intelligence (AI) company and his institutional clients at Deutsche Bank in an effort to market the AI company’s products and services to the clients. In preparation for these meetings, Neubart, using his Deutsche Bank email address, sent the clients pitch books, marketing decks, and other information on the AI company. During the same period, Neubart arranged for introductions between the AI company and employees in Deutsche Bank’s Research Department to discuss the AI company’s products and services. In January 2018, as compensation for his efforts, Neubart received Incentive Units from the AI company, for a nominal price, entitling Neubart to purchase shares of the company for a fixed price at any time of his choosing. Previously, the AI company had only given its employees and contractors the opportunity to own Incentive Units.

Neubart did not provide prior written notice to or receive approval from Deutsche Bank to engage in outside business activities involving the AI company. In November 2017, Neubart orally requested approval from Deutsche Bank to engage in outside business activities involving the AI company, but the firm’s Compliance Department told Neubart he could not engage in any outside activities with the AI company or receive compensation in connection with outside business activities. Neubart then inaccurately

characterized his receipt of Incentive Units from the AI company as a “passive investment” in a disclosure to the firm in December 2017. In addition, on his annual compliance attestations in 2017 and 2018, Neubart inaccurately certified to the firm that he had disclosed all outside business activities.

Therefore, Neubart violated FINRA Rules 3270 and 2010.

SANCTIONS CONSIDERATIONS

In determining the appropriate sanctions in this matter, FINRA considered, among other factors, that Deutsche Bank disciplined Neubart for his conduct involving the AI company by reducing his 2018 bonus.

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

- a two-month suspension 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.

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 prejudice 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:

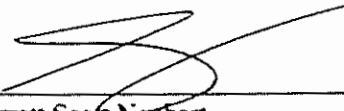
- A. **Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;**
- B. **If this AWC is not accepted, its submission will 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.

August 18, 2021

Date



Garrett Scott Neubart
Respondent

Reviewed by:



Michael Mui, Esq.
Counsel for Respondent
Sack & Sack LLP
70 East 55th Street, 10th Floor
New York, NY 10022

Accepted by FINRA:

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

8/23/2021

Date



Alex Marinello
Senior Attorney
FINRA
Department of Enforcement
Two Jericho Plaza, Suite 307
Jericho, NY 11753