

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2019063147101**

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

RE: Christopher M. Roumayeh, Respondent  
General Securities Representative  
CRD No. 4510051

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, Respondent Christopher M. Roumayeh (“Roumayeh” 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**

Roumayeh entered the securities industry in February 2002 and, since then, has been associated with five FINRA-regulated broker-dealers. In October 2008, Roumayeh became associated with Merrill Lynch, Pierce, Fenner & Smith Inc. (“Merrill Lynch” or the “Firm”) as a General Securities Representative (“GSR”). In a Uniform Termination Notice for Securities Industry Registration (“Form U5”) dated July 3, 2019, Merrill Lynch reported Roumayeh’s resignation while under internal review for, among other things, an undisclosed outside business interest.

Although Roumayeh is not currently associated with a FINRA-regulated broker-dealer, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

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

**OVERVIEW**

During the period of June 2014 through June 2019 (the “Relevant Period”), Roumayeh engaged in two outside business activities without providing prior written notice to Merrill

Lynch. Specifically, Roumayeh and his Firm customer (“Customer A”) purchased a franchise involved in the professional video gaming industry (the “Franchise”). As the owner, Roumayeh managed the Franchise’s day-to-day operations. He also formed five corporate entities related to the Franchise’s operations, serving as an officer and director for them, and solicited prospective investors in the Franchise. In addition, Roumayeh formed and managed a separate limited liability company through which he purchased commercial real estate. By engaging in outside business activities without providing prior written notice to Merrill Lynch, Roumayeh violated FINRA Rules 3270 and 2010.

In March 2019, Roumayeh participated in a private securities transaction by soliciting a publicly-traded company (“Company X”) to invest approximately \$5.5 million in exchange for shares in the Franchise. Roumayeh participated in this private securities transaction without notifying, and receiving prior written approval from, Merrill Lynch, in violation of FINRA Rules 3280 and 2010.

### **FACTS AND VIOLATIVE CONDUCT**

#### ***A. Roumayeh’s Undisclosed Outside Business Activities***

FINRA Rule 3270 provides, in relevant part: “No 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, Merrill Lynch’s written supervisory procedures (“WSPs”) required GSRs to request and receive written approval from the Firm prior to engaging in any outside business activity. The WSPs also prohibited GSRs or their family members from having any financial involvement with a Firm client without the Firm’s prior approval. Roumayeh was aware of the Firm’s WSPs with respect to outside business activities as he had previously disclosed an outside business activity to the Firm.

In June 2014, Roumayeh formed a limited liability company for the purpose of investing in real estate (the “Real Estate LLC”). In January 2015, Roumayeh formed Roumayeh LLC. Roumayeh registered Real Estate LLC and Roumayeh LLC with the state of Michigan, and served as chief executive officer (“CEO”) for each entity.

In September 2016, Roumayeh and Firm Customer A purchased the Franchise, which they operated through three new corporate entities Roumayeh formed (the “eSports Entities”), each of which was registered with the state of Michigan. As co-owner and chief executive officer, Roumayeh managed the day-to-day operations of the Franchise, including: negotiating potential sponsorship, partnership and licensing agreements; handling employee and player contract matters; arranging publicity events; paying invoices; negotiating and contracting with outside vendors; and representing the Franchise at

industry meetings and conferences.

In November 2017, as the CEO of Real Estate LLC, Roumayeh began negotiating the purchase of a commercial lot located in Lake Orion, Michigan. The transaction concluded in January 2018, when Roumayeh executed the final purchase agreement as owner of Real Estate LLC.

Roumayeh did not disclose his outside activities, including the purchase and operation of the Franchise, and formation of its related corporate entities and Real Estate LLC, to Merrill Lynch. Roumayeh also concealed his relationship with the corporate entities by forming them in his wife's name and naming her as the sole authorized representative on Roumayeh LLC's bank account. Roumayeh also made false statements to the Firm on four annual compliance questionnaires concerning his outside business activities.

By engaging in two outside business activities without providing prior written notice to Merrill Lynch, Roumayeh violated FINRA Rules 3270 and 2010.

#### ***B. Roumayeh's Undisclosed Private Securities Transaction***

FINRA Rule 3280 prohibits any person associated with a member from participating in any private securities transaction without first providing written notice to the member firm that describes, in detail, the proposed transaction and the person's proposed role therein and states whether he has received or may receive selling compensation in connection with the transaction. A violation of FINRA Rule 3280 also constitutes a violation of FINRA Rule 2010.

During the Relevant Period, Merrill Lynch's WSPs prohibited GSRs from participating in private securities transactions, including the purchase or sale of a public or private security or other investment product not offered for sale through the Firm. The Firm's WSPs also prohibited GSRs from arranging or participating in meetings between clients or other persons and issuers or entities, from engaging in or facilitating transactions, or otherwise conducting securities or other investment activities away from the Firm.

During the period of August 2018 through March 2019, Roumayeh participated in a private securities transaction without providing prior written notice to or receiving approval from Merrill Lynch. Specifically, Roumayeh solicited and facilitated the investment of Company X in the Franchise.<sup>1</sup> Roumayeh's participation included identifying other potential investors, responding to questions from Company X during its due diligence, and negotiating the terms and structure of Company X's investment.

To facilitate Company X's \$5.5 million investment, Roumayeh formed a new holding company through which he and Customer A sold and issued shares of preferred stock to Company X. Following the completion of Company X's investment, Roumayeh was formally named the Franchise's CEO and appointed to the holding company's board of directors.

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<sup>1</sup> Company X was not a Firm customer.

Roumayeh did not provide written notice to Merrill Lynch of his intent to solicit investors on behalf of the Franchise or otherwise advise the Firm of Company X's investment.

By participating in a private securities transaction without providing prior written notice to Merrill Lynch, Roumayeh violated FINRA Rules 3280 and 2010.

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

1. A 21-month suspension from association with any FINRA member in any capacity; and
2. A fine in the amount of \$15,000.

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

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 understand 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 me; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions 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; that 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.

5-7-20

Date (mm/dd/yyyy)



Christopher M. Roumayeh, Respondent

Reviewed by:

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Brandon M. Taaffe, Esq.  
Shumaker, Loop & Kendrick, LLP  
240 South Pineapple Ave.  
Suite 1000  
Sarasota, FL 34236  
Tel: (941) 364-2773

Accepted by FINRA:

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joseph E. Strauss  
Senior Counsel  
FINRA Department of Enforcement  
One Brookfield Place  
200 Liberty Street, 11<sup>th</sup> Floor  
New York, NY 10281

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