

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019063371901**

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

RE: Newbridge Securities Corporation (Respondent)
Member Firm
CRD No. 104065

Bruce Howard Jordan (Respondent)
General Securities Principal
CRD No. 1223556

Pursuant to FINRA Rule 9216, Respondents Newbridge Securities Corporation and Bruce Howard Jordan, submit 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 Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondents hereby accept and consent, 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

Newbridge has been a FINRA member since 2000 and is headquartered in Boca Raton, Florida. Newbridge engages in a general securities business and employs approximately 189 registered representatives at 50 branch offices.

Jordan entered the securities industry in 1983 when he associated with a FINRA member and registered with FINRA as a General Securities Representative. Jordan was associated with several FINRA member firms thereafter. Since 2015, Jordan has been associated with Newbridge Securities Corporation and registered with FINRA as a General Securities Principal.¹

¹ For more information about Newbridge Securities and Bruce Jordan, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

In a 2016 contingency offering of securities, Newbridge violated Exchange Act § 15(c)(2), Rule 15c2-4 thereunder, and FINRA Rule 2010 by using an attorney as an escrow agent. In the same offering, Newbridge willfully violated Exchange Act Rule 10b-9 and FINRA Rule 2010 by including a non-bona fide investment in determining whether the offering met its required minimum contingency. The firm's supervisory system, including written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with Exchange Act Rules, and, in this offering, both Newbridge and Jordan also failed to enforce the firm's written procedures governing contingency offerings, thereby violating FINRA Rules 3110 and 2010.

In a 2018 contingency offering of securities, Newbridge willfully violated Exchange Act Rule 10b-9 and FINRA Rule 2010 when the offering did not meet its minimum contingency by the offering termination date in the offering documents, and the Firm failed to obtain timely positive consent from investors to extend the termination date or return funds to investors and sought to extend the termination date by negative consent. In addition to failing to have a supervisory system, including WSPs, reasonably designed to achieve compliance with Exchange Act Rule 10b-9, Newbridge and Jordan also failed to enforce the firm's written procedures governing contingency offerings, thereby violating FINRA Rules 3110 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2019 cycle exam of Newbridge Securities Corporation.

Certain private placements are structured as contingency offerings, *i.e.*, securities offered on an "all-or-none" or "part-or-none" basis, which require all or a certain amount of the securities to be sold by a certain date for the offering to close. Securities laws require additional measures in contingency offerings to ensure that investor funds are protected and are promptly returned if the contingency is not met.

Exchange Act Rule 15c2-4 requires a broker-dealer participating in a contingency offering to promptly deposit investor funds into a separate bank account as agent or trustee, or promptly transmit the funds to a bank that has agreed in writing to hold the funds in an escrow account, until the contingency is satisfied. FINRA Regulatory Notice 16-08 reminded member firms that the "escrow account may not be controlled . . . by an attorney."² A violation of Exchange Act Rule 15c2-4 is also a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

A broker dealer acting as a placement agent for a contingency offering must also comply with the requirements of Exchange Act Rule 10b-9. Under Exchange Act Rule 10b-9, if

² FINRA Reg. Notice 16-08 (Feb. 2016).

an offering's contingencies, including a minimum investment contingency, are not satisfied by the date specified in the offering materials (or, a date that was properly extended under the provisions of the Exchange Act and the offering documents), the offering must be terminated, and investors promptly refunded. Importantly, non-bona fide investments cannot be included to determine whether to declare that an offering has been sold and to release funds from escrow. FINRA Regulatory Notice 16-08 reminded member firms that "'non-bona fide sales' are sales of undisclosed purchases by the issuer or broker-dealer, their affiliates or associated persons, or any entities through nominee accounts that are designed to create the appearance of a successful completion of an offering."³ FINRA further reminded member firms in a prior Notice to Members that "the escrow period may only be extended beyond the latest period disclosed in the offering document if the escrow period has not yet terminated and either investors' funds are returned to them or the investors affirmatively confirm in writing their decision to continue their investment before the expiration of the latest disclosed escrow period."⁴ A violation of Exchange Act Rule 10b-9 is also a violation of FINRA Rule 2010.

FINRA Rule 3110(a) requires that each member firm establish and maintain a supervisory system that is reasonably designed to supervise the activities of each registered representative, registered principal, and other associated persons of the firm and achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA Rules.

A violation of FINRA Rules 3110(a) and 3110(b) is also a violation of FINRA Rule 2010.

Newbridge failed to comply with Exchange Act Rule escrow requirements, Newbridge's supervisory system was not reasonably designed, and Newbridge and Jordan failed to enforce the firm's relevant procedures.

From April 2016 through August 2016, Newbridge acted as the placement agent for a contingency offering on behalf of Issuer A. Newbridge's written procedures specified that in contingency offerings the firm would use "a bank that has agreed in writing to hold all such funds in escrow." The written procedures assigned specific responsibility to the Managing Director of Investment Banking, *i.e.*, Jordan. Moreover, the procedures required the use of a standard escrow agreement. For the Issuer A offering, Newbridge and Jordan failed to deposit investor funds with a bank; instead, the Issuer A offering utilized a law firm as the escrow agent. Moreover, Newbridge and Jordan failed to use the standard escrow agreement required as specified in the firm's procedures. Further,

³ *Id.*

⁴ NASD Notice to Members 87-61 (Sept. 1987).

Newbridge had a prior history of utilizing an escrow account controlled by a law firm in contingency offerings.

Therefore, Newbridge violated Exchange Act § 15(c)(2), Rule 15c2-4 thereunder, and FINRA Rule 2010, and Newbridge and Jordan violated FINRA Rules 3110(a), 3110(b) and 2010.

Newbridge improperly counted a non-bona fide investment toward the minimum contingency calculation, Newbridge's supervisory system was not reasonably designed, and Newbridge and Jordan failed to enforce the firm's relevant procedures.

In the 2016 Issuer A offering, Newbridge and Jordan included a non-bona fide investment by the owner and CEO of Issuer A in determining whether the offering met its required minimum contingency. Without the non-bona fide investment, the minimum contingency would not have been met. Newbridge's written procedures for contingency offerings specified that only bona fide investments should be counted toward an offering minimum. The firm's written procedures provided no guidance as to what constituted a bona fide investment; instead, the written procedures merely assigned responsibility to the Managing Director of Investment Banking, *i.e.*, Jordan, to determine whether an investment was bona fide. Newbridge, acting through Jordan, failed to review the investment by the owner and CEO of Issuer A to determine whether it should be considered a bona fide investment. Instead, after receiving the investment, Newbridge and Jordan declared the Issuer A offering sold and released funds from escrow.

Therefore, Newbridge willfully violated Exchange Act Rule 10b-9 and FINRA Rule 2010, and Newbridge and Jordan violated FINRA Rules 3110(a), 3110(b) and 2010.

Newbridge failed to return investor funds when a minimum contingency was not met by the termination date in the offering documents, Newbridge's supervisory system was not reasonably designed, and Newbridge and Jordan failed to enforce the firm's relevant procedures.

From September 2018 through January 2019, Newbridge acted as the placement agent for a contingency offering on behalf of Issuer B. The Issuer B Offering Memorandum required a certain amount of the securities to be sold by a particular date for the offering to close and specified that the termination date could not extend beyond October 31, 2018. The Offering Memorandum also provided that if the minimum was not subscribed by the termination date, then all funds would be returned to investors and all subscription documents deemed rejected. Newbridge's written procedures for contingency offerings specified that if the minimum contingency is not sold within the deadline specified by the offering documents all funds should be promptly returned to investors. The firm's written procedures failed to address circumstances where an issuer sought to extend the deadline for the minimum contingency through written confirmation by the investors, nor did it provide any guidance for the process of obtaining such written confirmation. The firm's

written procedures assigned specific responsibility for determining whether the minimum contingency had been met to the Managing Director of Investment Banking, *i.e.*, Jordan.

The minimum for the Issuer B offering was not met by October 31, 2018. On October 31, 2018, Newbridge and Issuer B agreed to extend the closing date to November 30, 2018. Newbridge and Jordan, however, did not send written reconfirmation offers to the investors disclosing the extension of the offering period prior to the original closing date of October 31. Instead, after October 31, investors were provided with a supplement notifying them of the extension and instructing them to contact Newbridge if they “do not wish to participate in the Offering.” No investor funds were returned, and no investors confirmed in writing their decision to continue their investments. The minimum was subsequently met by November 30, 2018, and Newbridge, acting through Jordan, released the funds from escrow to Issuer B.

Therefore, Newbridge willfully violated Exchange Act Rule 10b-9 and FINRA Rule 2010, and Newbridge and Jordan violated FINRA Rules 3110(a), 3110(b) and 2010.

B. Respondents also consent to the imposition of the following sanctions:

Newbridge consents to the imposition of the following sanctions:

- a censure
- a \$30,000 fine

Jordan consents to the imposition of the following sanctions:

- a one-month suspension from associating with any FINRA member in all principal capacities
- a \$5,000 fine

Respondents agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

Respondents specifically and voluntarily waive 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 Newbridge understands that this settlement includes a finding that it willfully violated Rule 10b-9 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA’s By-Laws, this makes Respondent Newbridge subject to a statutory disqualification with respect to membership.

Respondent Jordan understands that if he is barred or suspended from associating with any FINRA member in a principal capacity, 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 a principal capacity during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because he is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- 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, Respondents specifically and voluntarily waive 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.

Respondents further specifically and voluntarily waive 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

Respondents 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;
 - 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. Respondents 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. Respondents 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 Respondents' 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 Respondents' testimonial obligations in any litigation or other legal proceedings.
- D. Respondents may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.

The undersigned, on behalf of Respondent Newbridge, certifies that a person duly authorized to act on Respondent Newbridge's behalf 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 Newbridge has agreed to the AWC's provisions voluntarily; and that 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 Respondent Newbridge to submit this AWC.

Oct 26, 2021
Date


Newbridge Securities Corporation
Respondent

Print Name: G. Robert Abrams
Title: General Counsel

Respondent Jordan 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 Jordan 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.

Date

Bruce Howard Jordan
Respondent

The undersigned, on behalf of Respondent Newbridge, certifies that a person duly authorized to act on Respondent Newbridge's behalf 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 Newbridge has agreed to the AWC's provisions voluntarily; and that 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 Respondent Newbridge to submit this AWC.

Date

Newbridge Securities Corporation
Respondent

Print Name: _____

Title: _____

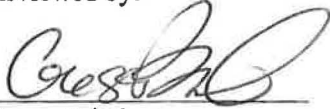
Respondent Jordan certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent Jordan has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms 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.

Oct. 26, 2021
Date



Bruce Howard Jordan
Respondent

Reviewed by:



Gregg Brietbart
Counsel for Respondents
Kaufman Dolowich Voluck LLP
100 SE Third Avenue, Suite 1500
Fort Lauderdale, FL 33394

Accepted by FINRA:

November 12, 2021
Date

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



Albert Anthony Starkus III
Senior Counsel
FINRA
Department of Enforcement
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