

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Matthew R. Logan
(CRD No. 5366984),

Respondent.

Disciplinary Proceeding
No. 2019063570502

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In October 2018, Matthew R. Logan, while a registered representative at Hornor, Townsend & Kent, LLC (HTK or Firm), cheated on his FINRA Regulatory Element continuing education exam by directing his Assistant, a person associated with HTK, to complete the exam on his behalf. Between October 2017 and October 2018, Logan also directed his Assistant to complete three other continuing education exams on his behalf. By engaging in this conduct, Logan violated FINRA Rule 2010.

RESPONDENT AND JURISDICTION

2. Logan first associated with a FINRA member in 2007 and registered with FINRA as an Investment Company and Variable Contracts Products Representative (IR) in 2007. Between 2007 and September 2010, Logan was associated with two different FINRA members and registered with FINRA as an IR.

3. In October 2010, Logan associated with FINRA member HTK and registered with FINRA as an IR. After voluntarily terminating his association with HTK in March 2012, Logan

re-associated with the Firm in July 2013 and registered with FINRA as an IR in August 2013.

He subsequently registered with FINRA as a General Securities Representative (GSR) in January 2015.

4. On January 9, 2019, HTK filed a Uniform Termination Notice for Securities Industry Regulation (Form U5) on Logan's behalf, disclosing that the Firm terminated Logan's association for "instruct[ing] a subordinate to complete his required regulatory element and other continuing education requirements."

5. In May 2019, Logan registered with FINRA as an IR and GSR through an association with another FINRA member. On August 21, 2019, that FINRA member filed a Form U5 on Logan's behalf, disclosing that the firm terminated Logan's association because he was "[n]ot registered with resident state [Massachusetts]."

6. Although Logan is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because this Complaint: (1) was filed within two years after Logan was terminated on August 21, 2019 from a FINRA member; and (2) charges Logan with misconduct committed while he was registered or associated with a FINRA member.

FACTS

Logan routinely reminded others to complete their continuing education requirements.

7. In addition to being an IR and GSR at HTK, Logan was a sales manager at HTK's parent company, the Penn Mutual Life Insurance Company (Penn Mutual).

8. In 2013, Logan was promoted to a managerial role at Penn Mutual's Greater Boston agency, Concord Wealth Management (Concord Wealth). By 2018, Logan was

managing 20 financial professionals at Concord Wealth's office in Braintree, Massachusetts (Braintree Branch). He was also responsible for overseeing a team of 10 operations staff.

9. Logan's responsibilities as manager of the Braintree Branch included assisting the Concord Wealth operations team with ensuring that all of the financial professionals working at the Braintree Branch completed their continuing education requirements. On multiple occasions, Logan reminded the financial professionals that he managed (typically via email and also in person) to complete their continuing education requirements timely.

Logan cheated on his Regulatory Element Exam by instructing his Assistant to take the exam on his behalf.

10. FINRA Rule 1240 prescribes continuing education requirements for registered persons; one such requirement is a FINRA-administered Regulatory Element continuing education exam (Regulatory Element Exam).

11. Rule 1240 requires all registered representatives to complete the Regulatory Element Exam on their second registration anniversary date and every three years thereafter, within 120 days after the person's registration anniversary date. If a registered representative does not complete his Regulatory Element Exam within the prescribed time frames, his registration is deemed inactive, he is prohibited from performing any duties and functioning in any capacity requiring registration, and he must cease accepting and soliciting business or receiving any compensation for the purchase and sale of securities.

12. The Regulatory Element Exam focuses on compliance, regulatory, ethical and sales-practice standards. Its content is derived from rules and regulations, as well as standards and practices widely accepted within the industry.

13. The Regulatory Element Exam is administered through web-based delivery via FINRA's CE Online System.

14. Logan was required to complete his Regulatory Element Exam between July 27, 2018 and November 23, 2018.

15. Between at least September 24, 2018 and October 24, 2018, Logan received multiple notifications from the Firm reminding him that he was required to complete his Regulatory Element Exam by November 23, 2018. The notifications informed Logan that a failure to complete the Regulatory Element Exam would result in his registration being deemed inactive.

16. During October 2018, Logan emailed his Assistant and directed her to complete his Regulatory Element Exam on his behalf.

17. On October 30, 2018, Logan's Assistant completed Logan's Regulatory Element Exam by logging into FINRA's CE Online System and impersonating Logan by using his logon credentials. Logan did not complete this exam himself at any time thereafter.

18. On October 30, 2018, Logan received via email an electronic certificate of completion for the Regulatory Element Exam from FINRA's CE Online System. Logan instructed his Assistant to print the certificate so he could submit it to HTK's compliance department as proof that he had completed the Regulatory Element Exam, despite knowing that he had not completed the exam himself.

19. Logan continued to sell securities (and otherwise act in a capacity requiring registration) after November 23, 2018 (the deadline for Logan to complete the Regulatory Element Exam himself).

Logan cheated on three additional continuing education exams by instructing his Assistant to take them on his behalf, and falsely denied his cheating to the Firm.

20. In October 2017, Logan instructed his Assistant to complete on his behalf an ethics continuing education exam required by HTK's parent Penn Mutual (Ethics Exam). The

Ethics Exam consisted of three modules: (1) “Raising Concerns: The Star Employee”; (2) “Speak Up: Sounds Like We Don’t Have a Problem”; and (3) “Ethical Choices: A Gray Area.”

21. Logan’s Assistant completed each of these modules for Logan in November 2017, after logging into Penn Mutual’s online training portal using Logan’s credentials. Logan did not complete these modules himself at any time thereafter.

22. In May 2018, Logan instructed his Assistant to complete on his behalf a continuing education exam called HTK Processing Checks and Securities Training, after he received an email from the Director of Licensing and Onboarding for Concord Wealth stating that the training was mandatory for all registered representatives.

23. Logan’s Assistant did so on May 17, 2018, after logging into HTK’s web-based Learning Resource Center using Logan’s credentials. Logan did not complete this exam himself at any time thereafter.

24. In October 2018, Logan instructed his Assistant to complete on his behalf an anti-money laundering (AML) continuing education exam administered by the Life Insurance and Market Research Association (LIMRA) that Logan was required to complete in order to sell certain life insurance products.

25. Logan’s Assistant did so in October 2018, after logging into LIMRA’s online testing portal using Logan’s credentials. Logan did not complete this exam himself at any time thereafter.

26. HTK uncovered Logan’s emails to his Assistant instructing her to take continuing education exams on his behalf. In December 2018, an HTK employee interviewed Logan and confronted him with evidence that he had cheated on multiple continuing education exams by directing his Assistant to take the exams on his behalf.

27. Logan falsely denied that he had ever instructed his Assistant to complete any continuing education exams on his behalf.

CAUSE OF ACTION
CHEATING ON FINRA REGULATORY ELEMENT CONTINUING EDUCATION EXAM AND THREE
ADDITIONAL CONTINUING EDUCATION EXAMS
(FINRA RULE 2010)

28. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

29. FINRA Rule 2010 provides that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”

30. Between October 2017 and October 2018, Logan instructed his Assistant to complete four continuing education exams on his behalf, namely: (1) Ethics Exam in October 2017; (2) HTK Processing Checks and Securities Training exam in May 2018; (3) LIMRA-administered AML continuing education exam in October 2018; and (4) Regulatory Element Exam in October 2018.

31. When the Firm confronted Logan with evidence of his test cheating, Logan lied to the Firm by denying that he cheated or that his Assistant took these exams on Logan’s behalf.

32. Based on the foregoing conduct, Logan violated FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and

- C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 7, 2020



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