

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2019064032101**

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

RE: David Christopher Davis, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 2957397

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent David Christopher Davis 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

Davis entered the securities industry in October 1997 when he became associated with MML Investors Services, LLC (BD No. 10409) (the Firm), a FINRA member firm. Davis registered with FINRA as an Investment Company and Variable Contracts Products Representative (IR) in November 1997. From May 2001 until January 2002, Davis was associated with two other FINRA member firms. Davis reassociated with the Firm in January 2002, where he remained registered as an IR until September 24, 2019.

In a Uniform Termination Notice for Securities Industry Registration (Form U5) dated September 24, 2019, the Firm reported the termination of Davis's registration for "[p]ossible signature irregularities, misrepresentation[s] and payment of customer premiums for traditional life insurance policies."

Although Davis is not currently associated with any FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

From December 2018 through May 2019, Davis electronically affixed three customers' signatures on insurance policy applications. By engaging in this conduct, Davis violated FINRA Rule 2010.

Davis also willfully failed to disclose two federal tax liens totaling approximately \$184,000 via the timely filing of an amended Uniform Application for Securities Industry Registration or Transfer (Form U4), in violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Davis signs customer names to policy applications.

FINRA Rule 2010 requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade." Signing a customer's name to a document violates FINRA Rule 2010.

From December 2018 through May 2019, the Firm's written supervisory procedures (WSPs) required a customer's authentic signature on Firm documents, even when using the Firm's approved e-signature process. The WSPs also expressly prohibited forgery and registered representatives' duplicating customer signatures from other documents or signing customer names or initials, even at the customer's instructions.

Although Davis was aware of the Firm's WSPs, he electronically affixed the signatures of one Firm customer and two insurance customers to whole life insurance policy applications he submitted on their behalf.

By affixing his customers' electronic signatures on insurance policy applications, Davis violated FINRA Rule 2010.

Davis does not disclose two liens on his Form U4.

Article V, Section 2(c) of FINRA's By-Laws requires that registered representatives keep their Form U4 "current at all times," and that amendments to a Form U4 must be filed with FINRA "not later than thirty days of learning of the facts and circumstances giving rise to the amendment."

FINRA Rule 1122 prohibits associated persons from filing with FINRA information regarding registration "which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." A violation of Article V, Section 2(c) of FINRA's By-Laws and FINRA Rule 1122 also constitutes a violation of FINRA Rule 2010.

Registered representatives are required to disclose unsatisfied liens on their Form U4. Specifically, Question 14M of the Form U4 asks registered representatives, "Do you have any unsatisfied judgments or liens against you?" If a registered representative answers the question in the affirmative, he or she is also required to provide detailed information about each reportable event, including the amount and date of the lien.

Between September 2017 and June 2018, Davis received notice of two federal tax liens totaling approximately \$184,000 entered against him. On September 18, 2017, the Internal

Revenue Service (IRS) filed a tax lien against him in the amount of \$130,139. On June 5, 2018, the IRS filed a second tax lien against Davis in the amount of \$53,870.35.

Davis received notice of the IRS tax liens on the days they were filed. Although Davis was required to disclose the two liens via the filing of an amended Form U4 within thirty days of receiving notice of their existence, Davis did not disclose them to the Firm or via an amended Form U4 until January 22, 2019, approximately one year and four months after the first lien was filed and six months after the second lien was filed by the IRS.

Davis also falsely attested on two annual Firm compliance questionnaires that his Form U4 was updated to reflect all liens.

By willfully failing to timely disclose the two federal tax liens, Davis violated Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

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

1. A six-month suspension from associating with any FINRA member firm in any capacity; and
2. A fine in the amount of \$10,000.

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.

Respondent understands that this settlement includes a finding that he willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes him subject to a statutory disqualification with respect to association with a member.

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 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 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 understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA or FINRA staff members for legal advice. 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.

9/8/2020
Date

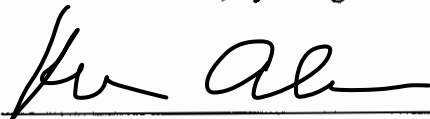


David Christopher Davis
Respondent

Accepted by FINRA:

9/9/20
Date

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



Regina M. Alter
FINRA Department of Enforcement
200 Liberty Street, 11th Floor
New York, New York 10281