

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2019064432901**

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

RE: Murray Todd Petersen, Respondent  
Former General Securities Representative and former General Securities Principal  
CRD No. 1311730

Pursuant to FINRA Rule 9216, Respondent Murray Todd Petersen 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**

Petersen entered the securities industry in 1984 when he became registered as a General Securities Representative (GSR) through an association with a FINRA member.

From November 2012 through November 2015, Petersen was registered as a GSR and General Securities Principal (GSP) through an association with former FINRA member WFG Investments, Inc. (WFG).

From November 2015 through October 2019, Petersen was registered as a GSR and GSP through an association with FINRA member SCF Securities Inc. (SCF). On October 29, 2019, SCF filed a Form U5, reporting that it had discharged Petersen due to “violation of Firm policy regarding private securities transactions and outside business activities.” Thereafter, from December 2019 through June 2020, Petersen was registered as a GSR and GSP through an association with another FINRA member.

SCF filed multiple Form U5 amendments for Petersen reporting customer complaints and arbitrations relating to Petersen’s jewelry sales, including a Form U5 amendment filed on November 16, 2020, reporting a customer arbitration related to such sales.

Although Petersen is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of FINRA's By-Laws.<sup>1</sup>

## **OVERVIEW**

From September 2014 through November 2015, while associated with WFG, Petersen engaged in an unapproved outside business activity (OBA) by selling jewelry for investment purposes and receiving commissions for the sales. WFG had initially approved Petersen's participation in this OBA but withdrew its approval in September 2014. Petersen, however, continued to participate in the OBA involving jewelry sales, without WFG's approval, while associated with the firm until approximately November 2015. As a result, Petersen violated FINRA Rules 3270 and 2010.

Additionally, in June and July 2018, while associated with SCF, Petersen engaged in at least two undisclosed, private securities transactions involving the jewelry business. Specifically, Petersen solicited and facilitated securities transactions by two SCF customers, totaling of \$1,080,000, in a jewelry enterprise that purportedly conducted business in China, without providing prior written notice to and obtaining written approval from SCF. As a result, Petersen violated FINRA Rules 3280 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from the Form U5 filed by SCF in October 2019 reporting Petersen's termination.

### **Petersen engaged in an unapproved OBA.**

FINRA Rule 3270 provides,

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 also constitutes a violation of FINRA Rule 2010, which requires FINRA members and their associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

While associated with WFG, Petersen sought approval to engage in an OBA conducting sales of jewelry for commissions for a jewelry company based in Florida (the Company).

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

On February 21, 2013, WFG approved the OBA. Soon thereafter, Petersen began selling jewelry for the Company on a commission basis.

On September 22, 2014, WFG withdrew its approval for Petersen's OBA and informed him that he was no longer permitted to participate in jewelry sales for the Company.

Despite his lack of an approved OBA, Petersen continued selling jewelry for the Company and receiving compensation for his sales while associated with WFG until approximately November 2015. For example, between September 2014 and November 2015, Petersen sold two pieces of jewelry for the Company, for a total of \$177,500, to three WFG customers. Petersen received approximately \$115,900 in jewelry sales commissions during this period.

Therefore, Petersen violated FINRA Rules 3270 and 2010.

**Petersen participated in two undisclosed private securities transactions.**

FINRA Rule 3280(b) provides that "[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein." Under FINRA Rule 3280(e), a "private securities transaction" is defined as "any securities transaction outside the regular course or scope of an associated person's employment with a member." A violation of FINRA Rule 3280 also constitutes a violation of FINRA Rule 2010.

SCF had written supervisory procedures requiring its registered representatives to provide written notice to the firm prior to participating in any private securities transaction, including a detailed description of the proposed transaction, the representative's proposed role, and whether compensation had been or would be received. Registered representatives were also required to obtain written approval from the firm prior to participation in a private securities transaction.

In June and July of 2018, Petersen introduced two SCF customers to an investment offered by the same Company called a Short-Term Capital Raise Opportunity (Capital Raise) and helped facilitate their investments. Each investor signed a contract for the Capital Raise, which stated that the investment would be used to fund the manufacture of diamond jewelry for sale to retail stores in China and other Asian markets. The Capital Raise contract stated that the Company would handle all jewelry sales to these markets and would make periodic payments to investors for one year. In addition, the Capital Raise contract entitled the investors to a percentage of the profits obtained by the Company from the jewelry sales. The Capital Raise investments are securities.

*Customer A*

In June 2018, Petersen introduced the Capital Raise investment to Customer A. Between approximately June 2018 and December 2018, Customer A invested a total of \$80,000 in

the Capital Raise. Customer A's Capital Raise contract provided that the Company would pay "monthly dividends" of one percent of Customer A's investment for one year and pay Customer A a percentage of the profits from jewelry sales made by the Company, for "[a]n anticipated average of 15% return" on Customer A's investment.

In addition to introducing Customer A to the Capital Raise, Petersen facilitated Customer A's investment in the Capital Raise by providing payment instructions to Customer A to invest in the Capital Raise.

The Company paid only the first seven of the 12 monthly payments to Customer A. Thereafter, Customer A did not receive any additional payments from the Company or any distribution of profits earned by the Company on jewelry sales. The Company never returned any of the principal amount of Customer A's \$80,000 investment.

#### *Customer B*

In July 2018, Petersen introduced the Capital Raise investment to Customer B. Later that month, Customer B invested \$1 million in the Capital Raise. Customer B's Capital Raise contract provided that the Company would make quarterly payments of two percent of his investment for one year and pay a percentage of the profits from jewelry sales made by the Company.

In addition to introducing Customer B to the Capital Raise, Petersen facilitated Customer B's investment in the Capital Raise. Among other things, Petersen discussed the terms of the Capital Raise with Customer B, edited drafts of Customer B's Capital Raise contract, and assisted Customer B in accepting and inspecting jewelry to be held as collateral by Customer B on his investment. Petersen was paid a commission for Customer B's investment in the Capital Raise.

The Company paid only the first two of the four quarterly payments owed to Customer B. Thereafter, Customer B did not receive any additional payments from the Company or any distribution of profits earned by the Company on jewelry sales. The Company never returned any of the principal amount of Customer B's \$1 million investment.

Petersen did not provide written prior notice to SCF and did not obtain written permission from SCF for his participation in private securities transactions involving SCF Customers A and B.

Although the Capital Raises were securities transactions outside the scope of his employment with SCF, Petersen inaccurately stated in his 2018 and 2019 annual compliance questionnaires that he has not been engaged in any private securities transactions.

As a result of the foregoing conduct, Petersen violated FINRA Rules 3280 and 2010.

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

- a bar 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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## 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 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:

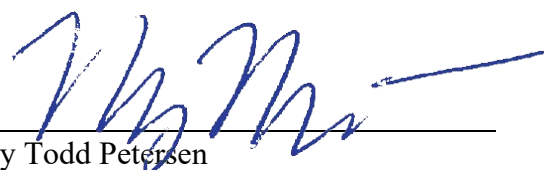
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 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 Respondent's testimonial obligations in any litigation or other legal proceedings.

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

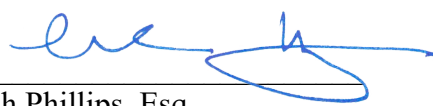
terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

11/04/2021

Date

  
Murray Todd Petersen  
Respondent

Reviewed by:

  
Noah Phillips, Esq.  
Counsel for Respondent  
Hughey Phillips, LLP  
520 9th Street, Suite 230  
Sacramento, CA 95814

Accepted by FINRA:

11/22/21

Date

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



Adeline Liu  
Senior Counsel  
FINRA  
Department of Enforcement  
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