

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2019064696501**

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

RE: John C. Braddock (Respondent)  
Former General Securities Representative  
CRD No. 1282733

Pursuant to FINRA Rule 9216, Respondent John C. Braddock 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**

Braddock first registered with FINRA in 1986. He registered as a General Securities Representative, an Investment Banking Representative, and an Operations Professional through an association with Lakeridge Capital Inc. (CRD No 25005) in August 2012, and subsequently he registered through Lakeridge Capital as a Direct Participation Programs Representative, an Investment Banking Principal, and a General Securities Principal. In December 2019, Lakeridge Capital filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Braddock voluntarily resigned.

Braddock is not currently registered or associated with any FINRA member firm. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.<sup>1</sup>

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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).

## **OVERVIEW**

From September 2018 to April 2021, Braddock prepared and distributed a private placement memorandum that negligently misrepresented and omitted facts relevant to an investment in a private placement.

## **FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 2010 requires that FINRA member firms and their associated persons observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Making a negligent misrepresentation or omission of material fact to customers violates FINRA Rule 2010.

Beginning in September 2018, Braddock solicited prospective investors to purchase equity interests in a private placement of Company A, whose business purpose was to export beverages from the United States to foreign markets. Braddock, who was Company A's founder, chairman, and CEO, prepared the private placement memorandum for the offering, which was reviewed and approved by Lakeridge Capital. Braddock distributed the private placement memorandum to numerous prospective investors, some of whom became Lakeridge Capital customers. As set forth below, the private placement memorandum contained two types of negligent misrepresentations or omissions of material fact.

First, the private placement memorandum failed to disclose that Braddock had declared bankruptcy in June 2017 and entered into a debt reorganization and repayment plan that was confirmed in April 2018, prior to when Braddock began soliciting investors. His bankruptcy (which remained pending throughout the private placement offering) was a material fact that should have been disclosed to investors, given the other statements in the private placement memorandum about his financial background. For example, the private placement memorandum stated that Braddock had "over 35 years" of financial and business experience and, together with his partners, had "engaged in over \$2 billion" of financial and fundraising transactions. Given such statements, Braddock's recent bankruptcy was a material fact that should have been disclosed to investors.

Second, the private placement memorandum negligently misstated that another company owned and controlled by Braddock (Company B) had invested approximately \$1.13 million of "earnings," including approximately \$280,000 of "working capital," in Company A. In fact, Company B had not invested any cash in Company A. The "earnings" and "working capital" reflected, instead, Braddock's estimate of the value of work that Company B had performed prior to Company A's formation, which Braddock believed were of value to Company A's business. Characterizing the value of such work as "earnings" and "working capital" was misleading because it gave investors inaccurate information; specifically, that Company A had more liquid capital to operate its business than was the case.

Therefore, Braddock violated FINRA Rule 2010.

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

- a five-month suspension from associating with any FINRA member in all capacities.<sup>2</sup>

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

## 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

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<sup>2</sup> On June 5, 2017, Respondent filed a Chapter 13 bankruptcy petition pursuant to Title 11 of the United States Code, which remains pending. Accordingly, no monetary sanctions are being imposed in this matter.

regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

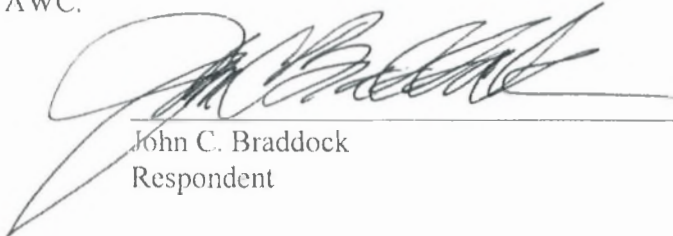
#### OTHER MATTERS

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 testimonial obligations or 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.

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.

15-JUN-2021  
Date

  
John C. Braddock  
Respondent

Reviewed by:

  
Michael T. Dyson, Esq.  
Counsel for Respondent  
Sullivan & Worcester LLP  
1666 K St., NW  
Washington, D.C. 20006

Accepted by FINRA:

June 17, 2021  
Date

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

  
Stuart P. Feldman  
Senior Counsel  
FINRA  
Department of Enforcement  
99 High St., Suite 900  
Boston, MA 02110

June 15, 2021

Re: Letter of Acceptance, Waiver, and Consent (“AWC”)  
John C. Braddock (“Respondent”), Matter No. 2019064696501

### **Statement of Corrective Action**

The following Statement of Corrective Action includes demonstrable steps taken by the Respondent to correct the alleged violations in the AWC.

Respondent, whose business was adversely affected at the time by cancer treatments and a divorce, declared bankruptcy on June 5, 2017, and entered into a debt reorganization and repayment plan that was confirmed on April 2, 2018. Debts under the repayment plan have approximately one year remaining of the five year term and are currently 80% repaid. While the Respondent timely disclosed his bankruptcy to Lakeridge Capital in July 2017, Lakeridge Capital failed to make the required disclosure to FINRA through CRD until February 2019, despite repeated written notices by Respondent on July 4, 2017, July 5, 2017, September 14, 2017, and February 6, 2019. Respondent’s bankruptcy has been disclosed on BrokerCheck since at least mid-February 2019 and was disclosed in the private placement memorandum as of March 14, 2020 when Respondent resumed capital-raising activities.

In multiple places in the private placement memorandum, the “earnings” and “working capital” were described as investments to build a “financial bridge” between the United States and foreign markets and “an international infrastructure, marketing, client, and investor network from 2006-2019.” Respondent did not describe these terms correctly because they reflected, instead, Respondent’s sunk costs by Company B for the benefit of Company A. On March 14, 2020, Respondent corrected this deficiency in a revised private placement memorandum by describing Company B’s “earnings” and “working capital” as sunk costs and, on December 8, 2020, further defining sunk costs as capital invested by Company B on behalf of Company A and that, subject to an accounting and reconciliation overseen by Company A’s Board of Directors, Company B retains the right to recoup some or all of its sunk costs from gross revenues of Company A.

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.