

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

Department of Enforcement,

Complainant,

v.

Alan Price
CRD No. 3181061,

Respondent.

Disciplinary Proceeding
No. 2020066136801

Hearing Officer—BEK

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: January 25, 2022

INTRODUCTION

Disciplinary Proceeding No. 2020066136801 was filed on April 1, 2021, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA or Complainant). Complainant subsequently filed a First Amended Complaint in this matter on August 30, 2021. Respondent Alan Price submitted an Offer of Settlement (Offer) to Complainant dated January 21, 2022. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions, and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the First Amended Complaint as amended by the Offer, 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, to the entry of findings and violations consistent with the allegations of

the First Amended Complaint as amended by the Offer, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

RESPONDENT AND JURISDICTION

Price first registered with FINRA as a General Securities Representative in March 2007.

From March 2007 through March 25, 2020, Price was registered with FINRA as a General Securities Representative through an association with Edward Jones.

On March 25, 2020, Edward Jones filed a Uniform Termination Notice for Securities Registration ("Form U5") stating that it terminated Price's employment effective February 27, 2020, for "[c]oncerns that [Price] engaged in a personal loan with a client."

Since August 12, 2021, Price has been registered with FINRA through an association with Thurston Springer Financial, a FINRA member. Price is subject to FINRA's jurisdiction because he is associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

In June 2019, the Respondent, Alan Price, borrowed \$150,000 from MS, a 72-year-old customer of Edward Jones, the member firm with which Price was then associated. At the time of the loan, Edward Jones' written procedures prohibited lending or borrowing between registered representatives and firm customers unless one of several specified exceptions applied, and in all cases required the firm's written approval prior to the issuance of the loan. Price did not notify Edward Jones of the loan, none of the firm's specified exceptions applied, and the firm never approved of the loan in writing. Thus, Price violated FINRA Rules 3240 and 2010.

Price also failed to comply with requests for documents and information that FINRA made pursuant to FINRA Rule 8210 on May 6, 2020, September 3, 2020, and September 24, 2020, in connection with an investigation into whether Price borrowed money from MS or other customers of Edward Jones. Price did not provide any substantive response to these requests until May 28, 2021 – after Enforcement initiated this proceeding. Thus, Price violated FINRA Rules 8210 and 2010.

Price also failed to provide testimony about whether he borrowed money from MS during his on-the-record (“OTR”) testimony taken pursuant to FINRA Rule 8210 on November 20, 2020. And when FINRA suspended Price’s November 20 OTR after Price’s counsel withdrew his representation during the OTR, Price refused to appear later to complete his testimony until June 2, 2021 – after Enforcement initiated this proceeding. As a result, Price violated FINRA Rules 8210 and 2010.

FACTS

In April 2020, following Edward Jones’ termination of Price, FINRA staff began investigating the circumstances of Price’s termination.

Price Impermissibly Borrowed Money from His Customer, MS, Without the Knowledge or Approval of his Firm.

In late 2014 or early 2015, Price and his wife started a golf-cart business. The business was never profitable, and Price amassed approximately \$150,000 in personal debts from the business.

In or around June 2019, during a meeting with MS, a customer of his at Edward Jones, Price told MS that he had significant debts from the golf-cart business and other expenses. MS offered to help Price by loaning him money and Price accepted the offer.

MS and Price agreed that the loan amount would be \$150,000 and that Price would repay the loan at ten percent interest in monthly installments of \$1,800. Price and MS did not reduce the agreement to writing.

MS, a retired mechanic, was 72 years old at the time of the loan.

Edward Jones' written procedures in effect at the time of the loan prohibited registered representatives of the firm from borrowing money from firm customers unless an exception applied. Exceptions were possible for loans to or from members of a registered representative's immediate family, from customers who were in the business of lending money, between two Edward Jones employees, or if the customer and representative had a personal or business relationship outside of their relationship at the firm. All these exceptions required prior written approval from the firm.

MS was not in Price's immediate family and none of the other exceptions in Edward Jones' written procedures applied to the relationship between Price and MS.

To generate the cash needed to make the loan to Price, MS partially liquidated or redeemed securities in one of his accounts at Edward Jones. After the necessary trades were completed, MS withdrew \$155,000 from his account. MS received that amount in the form of a check from Edward Jones and then wrote Price a separate check for \$150,000. These transactions caused the overall value of MS's Edward Jones accounts to decline by approximately 21%.

Price did not notify Edward Jones that he had borrowed \$150,000 from MS.

After learning about this loan in February 2020, Edward Jones terminated Price's employment with the firm for violating its written policy concerning customer loans.

Price Failed to Comply with Rule 8210 Requests for Documents and Information Until After Enforcement Initiated this Proceeding.

On May 6, 2020, in connection with its investigation, FINRA staff sent a request for information pursuant to FINRA Rule 8210 (“First 8210 Request”) by both Certified Mail and First-Class U.S. Mail to Price’s residential address listed in FINRA’s Central Registration Depository (“Price’s CRD Address”).

In the First 8210 Request, FINRA staff asked Price if he had accepted a loan or gift from an Edward Jones customer identified by name in the letter, as well as for details about the date, amount, source of funds, outstanding balance, the reason for the loan, and for copies of all written contracts or agreements evidencing a loan from the customer to Price. FINRA staff also asked Price whether he sought or received permission from Edward Jones to accept the loan or gift and whether he had received any loans or gifts from any other customers.

Price’s response to the First 8210 Request was due May 20, 2020.

Price received the First 8210 Request and, through counsel, submitted a letter dated May 15, 2020, to FINRA staff claiming that FINRA lacked jurisdiction to inquire about the nature and circumstances of the loan.

Price did not provide any documents or information in response to the First 8210 Request by the due date nor did he request an extension of the deadline.

In or around September 2020, Enforcement staff spoke and corresponded with Price’s counsel, explaining the basis for FINRA’s jurisdiction and informing Price that he was required to comply with the Rule 8210 request. Price did not comply with the request.

After Price did not comply with the request, FINRA staff sent Price a second request for information pursuant to FINRA Rule 8210 (“Second 8210 Request”) on September 3, 2020, by both Certified Mail and First-Class U.S. Mail, to Price’s CRD address.

Price received the Second 8210 Request.

At the request of Price's counsel, FINRA also sent the Second 8210 Request to Price's counsel electronically via FINRA's Request Manager system.

The information and documents requested in the Second 8210 Request were identical to those requested in the First 8210 Request.

Price's response to the Second 8210 Request was due September 17, 2020.

Price did not provide any documents or information in response to the Second 8210 Request by the due date nor did he request an extension of the deadline.

Therefore, on September 24, 2020, FINRA staff sent Price a third request for information pursuant to FINRA Rule 8210 ("Third 8210 Request") by both Certified Mail and First-Class U.S. Mail to Price's CRD address.

Price received the Third 8210 Request.

FINRA also sent the Third 8210 Request to Price's counsel electronically via Request Manager.

The information and documents requested in the Third 8210 Request were identical to those requested in the First 8210 Request and Second 8210 Request.

Price's response to the Third 8210 Request was due October 5, 2020.

On October 5, 2020, Price's counsel submitted a letter to FINRA via Request Manager. This letter did not provide any of the documents or information requested in the Third 8210 Request, but again asserted that FINRA lacked jurisdiction to investigate the conduct that resulted in Price's termination from Edward Jones.

Price did not provide any of the documents or information FINRA staff requested in response to the First, Second, or Third 8210 Requests until May 28, 2021 – several weeks after Enforcement initiated this proceeding.

The information FINRA requested was material to FINRA’s investigation into the circumstances surrounding Price’s termination from Edward Jones and whether Price has violated any securities laws or regulations or FINRA rules.

Price Failed to Provide Information During On-the-Record Testimony Until After Enforcement Initiated this Proceeding.

On October 27, 2020, FINRA sent Price, through counsel, a request made pursuant to FINRA Rule 8210 that Price appear for OTR testimony by videoconference on November 5, 2020. FINRA sent this notice via Certified Mail and First-Class U.S. Mail.

Price did not appear for his scheduled testimony on November 5, 2020, nor did FINRA staff agree to postpone the testimony.

On November 11, 2020, FINRA served Price, through counsel, with a second request for OTR testimony. FINRA made that request pursuant to Rule 8210 and asked that Price appear for testimony on November 20, 2020.

Although Price did appear for testimony by videoconference on November 20, 2020, he refused to answer questions concerning the topics covered in the First, Second, or Third 8210 requests, including whether he borrowed money from the firm client identified in those requests.

FINRA staff informed Price that his refusal to provide information in response to requests made of him pursuant to FINRA Rule 8210 constituted a violation of FINRA Rule 8210 and could subject him to sanctions, including a bar associating with any FINRA member in any capacity.

Shortly thereafter – and while Price’s testimony was ongoing – Price’s counsel announced that he was withdrawing from his representation of Price and left the OTR.

After confirming that Price did not want to continue testifying without a lawyer present, FINRA staff suspended the November 20, 2020 OTR.

Following the suspended November 20, 2020 OTR, FINRA staff contacted Price to determine whether he would agree to resume his testimony, either with or without new counsel, and answer fully all questions asked of him about the loan that led to his termination from Edward Jones. FINRA staff telephoned and emailed Price numerous times but Price delayed providing an answer for various reasons, including that he had retained new counsel with whom he had been unable to meet and that he had been hospitalized and unable to function for weeks.

On January 12, 2021, Price informed FINRA staff in writing that he did not intend to retain new counsel and would not answer further questions, including about the loan that led to this termination from Edward Jones.

Only after Enforcement initiated this action by filing a Complaint against Price did he agree to resume his OTR testimony. Price appeared for a resumption of his OTR by videoconference on June 2, 2021 and answered FINRA staff’s questions at that time.

FIRST CAUSE OF ACTION
Failing to Provide Documents and Information
(FINRA Rules 8210 and 2010)

FINRA Rule 8210(a)(1) provides that, for the purpose of an investigation, complaint, examination, or proceeding authorized by FINRA’s By-Laws or rules, FINRA staff have the right to require any person subject to FINRA’s jurisdiction (a) to provide information in writing and (b) to testify under oath, “with respect to any matter involved in the investigation, complaint, examination, or proceeding”

FINRA Rule 8210(a)(2) permits FINRA staff to inspect and copy the books, records, and accounts of a person subject to FINRA’s jurisdiction “with respect to any matter involved in the investigation, complaint, examination, or proceeding that is in such . . . person’s possession, custody or control.”

FINRA Rule 8210(c) provides that “[n]o member or person shall fail to provide information . . . pursuant to this Rule.”

A violation of FINRA Rule 8210 also constitutes a violation of FINRA Rule 2010, which requires members and associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

On May 6, 2020, FINRA staff served Price with a request for information and documents pursuant to FINRA Rule 8210. FINRA staff also served Price with substantively identical requests on September 3, 2020, and September 24, 2020. Price received these requests.

Price did not provide any of the information or documents requested in these three requests until May 28, 2021 – after Enforcement filed the Complaint.

The documents and information FINRA sought from Price were material to FINRA’s investigation of Price’s termination from Edward Jones and to whether Price violated any securities laws or regulations or FINRA rules.

Price’s refusal to answer FINRA’s requests for documents and information until after Enforcement filed the Complaint against him impeded and delayed FINRA’s investigation for more than a year.

By failing to respond to FINRA Staff’s requests for documents and information issued pursuant to FINRA Rule 8210 until after the Complaint was filed, Price violated FINRA Rules 8210 and 2010.

SECOND CAUSE OF ACTION
Failing to Provide Testimony
(FINRA Rules 8210 and 2010)

On November 20, 2020, after receiving proper notice pursuant to FINRA Rule 8210, Price appeared for sworn testimony by videoconference but refused to answer questions about the loan that resulted in his termination from Edward Jones and that was a subject of staff's investigation.

After FINRA staff suspended the November 20, 2020 OTR due to the withdrawal of Price's counsel, Price subsequently refused to answer further questions, including concerning the loan that led to his termination.

Only after Enforcement filed the Complaint did Price agree to resume his suspended OTR and answer questions asked of him by FINRA staff. Price completed his OTR testimony on June 2, 2021.

The information FINRA sought from Price through OTR testimony was material to FINRA's investigation of Price's termination from Edward Jones and to whether Price violated any securities laws or regulations or FINRA rules.

Price's failure to provide responses to questions asked of him in OTR testimony until after Enforcement filed the Complaint against him impeded and delayed FINRA's investigation for more than a year.

By failing to provide responses in testimony requested pursuant to FINRA Rule 8210 until after Enforcement filed the Complaint against him, Price violated FINRA Rules 8210 and 2010.

THIRD CAUSE OF ACTION
Impermissible Borrowing from Customer
(FINRA Rules 3240 and 2010)

FINRA Rule 3240 prohibits registered persons from borrowing money from any customer unless (a) the representative's firm has written procedures allowing the borrowing and lending of money between registered persons and customers of the firm and (b) the arrangement meets at least one of five conditions specified in the rule. Even if both of these subparts are satisfied, if the borrowing or lending arrangement does not involve a member of the representative's immediate family or a customer who is in the business of providing credit or loans, then the registered person must also notify his firm of the borrowing or lending relationship and receive written pre-approval before entering the arrangement.

From June 2019 through February 2020, Price was registered with FINRA through an association with Edward Jones.

During that period, Price borrowed \$150,000 from Edward Jones customer MS.

The loan from MS did not meet any of the conditions in the firm's written procedures for customer loans and, therefore, was prohibited. Edward Jones prohibited loans between representatives and customers, except under limited conditions that Price's loan from MS did not satisfy.

The loan also did not meet any of the five conditions set forth in FINRA Rule 3240.

Price did not receive written permission from Edward Jones prior to accepting the loan, as required by the firm's written procedures.

Through this conduct, Price violated FINRA Rules 3240 and 2010.

Based on the foregoing, Respondent violated FINRA Rules 8210, 3240, and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future

misconduct, and represent a proper discharge by FINRA of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be

- Suspended from associating with any FINRA member in any capacity for 18 months and
- Fined \$5,000.

The fine shall be due and payable either immediately upon re-association 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, Respondent 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 herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read 'A. Walker', is positioned above a horizontal line.

Adam Walker
Senior Counsel
FINRA Department of Enforcement
120 W. 12th Street, 8th floor
Kansas City, Missouri 64105