

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021070498106**

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

RE: Alfred S. Vanderlaan (Respondent)
Former General Securities Representative
CRD No. 1172406

Pursuant to FINRA Rule 9216, Respondent Alfred S. Vanderlaan 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Vanderlaan first became registered with FINRA as a General Securities Representative (GS) in 1983, through an association with a FINRA member firm. From May 2019 to June 2022, Vanderlaan was registered as a GS, Corporate Securities Representative (CS), and Operations Professional (OS) through WestPark Capital, Inc. (CRD No. 39914). On June 2, 2022, WestPark filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on behalf of Vanderlaan stating that his termination was voluntary.

Although Vanderlaan is no longer registered or associated with any FINRA member firm, he remains subject to FINRA's jurisdiction. On November 2, 2023, WestPark filed an amended Form U5 for Vanderlaan, disclosing a new customer arbitration that was filed alleging sales practice violations.

In April 2013, Vanderlaan entered into a consent order with the State of South Dakota Department of Labor and Regulation Division of Securities for failing to obtain proper approval from his firm before using any type of advertising regarding the offer or sale of securities. Vanderlaan paid a fine of \$1,500 in connection with that order.¹

¹ For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

Vanderlaan recommended that two retail customers invest in GWG L Bonds, which were speculative, unrated corporate bonds. Vanderlaan's recommendations to Customer A in August 2020 and Customer B in December 2020 and February 2021 were not in the customers' best interests based on their investment profiles. Vanderlaan therefore willfully violated Rule 15c-1(a)(1) under the Securities Exchange Act of 1934 (Reg BI) and violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Legal Framework

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15c-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Care Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation. Regulation BI defines a "retail customer investment profile" to include, but not be limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.

A recommendation may not be in the best interest of a customer if it results in a concentration in a particular security or category of securities that creates a risk of loss inconsistent with the customer's investment profile.

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

2. GWG Holdings, Inc.

GWG is a publicly traded financial services company. Prior to 2018, GWG purchased life insurance policies through its subsidiaries on the secondary market. GWG continued to pay the premiums for each policy that it purchased and collected the policy benefits upon the insured's death. Following a series of transactions in 2018 and 2019 with Beneficient Company Group, L.P., GWG reoriented its business, stopped acquiring life insurance policies, and focused instead on developing a business model of providing liquidity to holders of illiquid investments and alternative assets.

GWG had a history of net losses and had not generated sufficient operating and investing cash flows to fund its operations. To finance its operations, GWG offered L Bonds to investors with varying maturity periods and interest rates. L Bonds were not directly secured by GWG's life insurance portfolio and were not rated by any bond rating agency.

GWG sold L Bonds to retail investors in four separate offerings and made those sales through a network of broker-dealers, including WestPark, which entered into an agreement with GWG to sell L Bonds in July 2016 and approved the product for sale by its registered representatives. The offering documents for the third and fourth L Bond offerings, which commenced in December 2017 and June 2020, respectively, stated the bonds could be considered speculative, involved a high degree of risk, were illiquid, and were only suitable for persons with substantial financial resources and with no need for liquidity.

In January 2022, after Vanderlaan's customers made investments in the L Bonds, GWG defaulted on its obligations to L Bond investors and suspended further sales of L Bonds. In April 2022, GWG filed for bankruptcy.

3. Vanderlaan's Recommendations to the Customers

Customer A

Customer A, a senior investor, had a moderate risk tolerance, an annual income of \$80,000, and a liquid net worth of \$912,000. The customer's stated investment objective was growth and income, and it did not include speculation.

In August 2020, knowing that Customer A had already invested \$135,000 in other alternative investments, Vanderlaan recommended that Customer A invest \$50,000 in GWG L Bonds from the fourth offering. Vanderlaan received \$2,000 in commission in connection with this recommendation. As a result of this investment, Customer A had \$185,000 invested in alternative investments, which exceeded 20% of his liquid net worth. This recommendation was not in Customer A's best interest based on his investment profile, including his moderate risk tolerance, in light of the high degree of risk associated with the GWG L Bonds.

Customer B

Customer B had a moderate risk tolerance, an annual income of \$700,000, and a liquid net worth of \$1 million. The customer's stated investment objective was growth and income, and it did not include speculation.

In December 2020, knowing that Customer B had already invested \$100,000 in GWG L Bonds and \$15,000 in other alternative investments, Vanderlaan recommended that Customer B invest an additional \$100,000 in GWG L Bonds from the fourth offering. Vanderlaan received \$3,920 in commission in connection with this recommendation. In February 2021, with the customer already having invested \$200,000 in GWG L Bonds and \$15,000 in other alternative investments, Vanderlaan recommended that the customer invest an additional \$15,000 in L Bonds from the fourth offering. Vanderlaan received \$588 in commission in connection with this recommendation. As a result of his GWG investments in December 2020 and February 2021, Customer B had over 21% of his liquid net worth invested in L Bonds and 23% of his liquid net worth invested in alternative investments. Vanderlaan's December 2020 and February 2021 recommendations were not in Customer B's best interest based on his investment profile, including his moderate risk tolerance, in light of the high degree of risk associated with the L Bonds.

Therefore, Vanderlaan willfully violated Exchange Act Rule 15c-1(a)(1) and violated FINRA Rule 2010.

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

- a three-month suspension from associating with any FINRA member in all capacities;
- a \$10,000 fine; and
- partial restitution of \$6,508 plus interest as described below.²

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.

Partial restitution is ordered to be paid to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of \$6,508, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from February 2021, until the date the restitution plus interest are due and payable.

Partial restitution plus interest ordered pursuant to this disciplinary action are due and payable immediately upon reassociation with a member firm or upon submission of any

² The amount of partial restitution is equal to the commission received by Vanderlaan for the L Bond sales to Customer A in August 2020 and Customer B in December 2020 and February 2021.

application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent shall submit satisfactory proof of payment of restitution and interest (separately specifying the date and amount of each paid to each Eligible Customer) or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org. The email must identify Respondent and the case number and include a copy of the check, money order, or other method of payment. This proof shall be provided by email to EnforcementNotice@FINRA.org no later than 120 days after the date the restitution plus interest are due and payable.

The restitution amount plus interest to be paid to each Eligible Customer shall be treated by the Respondent as the Eligible Customer's property for purposes of state escheatment, unclaimed property, abandoned property, and similar laws. If after reasonable and documented efforts undertaken to effect restitution Respondent is unable to pay all Eligible Customers within 120 days after the restitution and interest are due and payable, Respondent shall submit to FINRA in the manner described above a list of the unpaid Eligible Customers and a description of Respondent's plan, not unacceptable to FINRA, to comply with the applicable escheatment, unclaimed property, abandoned property, or similar laws for each such Eligible Customer.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanctions in this AWC, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 violated Rule 15c-1 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

The sanctions 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 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:

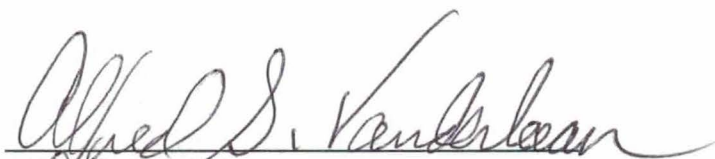
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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.
- 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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

1/20/25

Date


Alfred S. Vanderlaan
Respondent

Accepted by FINRA:

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

1/22/2025

Date


Seth Kean
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place, 200 Liberty Street
New York, NY 10281

RESTITUTION SCHEDULE

Customer	Investment(s) And Date	Restitution Amount (exclusive of interest)
A	GWG L Bonds – August 2020	\$2,000
B	GWG L Bonds – December 2020 and February 2021	\$4,508