

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

Department of Enforcement,

Complainant,

v.

Beliveau Bays
CRD No. 6034987,

Respondent.

Disciplinary Proceeding
No. 2021070734301

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. In July 2019, Respondent Beliveau Bays, while associated with LPL Financial LLC (LPL), forged the electronic signatures of four customers on six account applications and one account transfer form. The customers did not give Bays permission to sign their names nor did they have any knowledge that Bays had done so. As a result of the foregoing, Bays independently violated FINRA Rule 2010, and violated FINRA Rules 4511 and 2010.

2. Approximately six months later, in January and February 2020, Bays again engaged in unethical conduct. Bays signed and submitted multiple insurance applications containing false statements and falsely claimed to an insurance company he was neither registered with FINRA nor associated with a broker-dealer. After LPL began investigating Bays in or about March 2020, Bays provided LPL with false information. As a result of the foregoing, Bays acted unethically and therefore violated FINRA Rule 2010.

3. Bays' misconduct did not end there. In 2021, when FINRA commenced an investigation into Bays' electronic signature forgeries as well as certain inconsistencies relating to several life insurance applications, Bays repeatedly lied to FINRA in response to multiple requests for documents and information, including requests issued pursuant to FINRA Rule 8210, and in his on-the-record testimony. Among other things, Bays lied to FINRA about whether he was the beneficiary to multi-million-dollar life insurance policies issued on the lives of purported employees, he lied about whether the policies were still active, he lied about his bank accounts, he lied about his brokerage accounts, and he even lied about the names he used. As a result of the foregoing, Bays violated FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

4. Bays first became registered with FINRA through his association with a FINRA member firm in May 2012. From July 15, 2019, to March 12, 2021, Bays was registered as a General Securities Representative (GSR) through an association with LPL.

5. On March 12, 2021, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Bays' employment was terminated after he "[p]rovided misrepresentations to Firm in response to inquiries surrounding [his] submission of key person life insurance applications for non-licensed assistants."

6. On March 18, 2021, LPL filed a Form U5 amendment for Bays reporting two customer complaints received the prior month alleging that Bays forged the customers' signatures on account applications.

7. From May 13, 2021, to October 23, 2021, Bays was registered with FINRA as a GSR through his association with another FINRA member firm.

8. Although Bays is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for the purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after October 23, 2021, which was the effective date of termination of Respondent's registration with another FINRA member firm, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member and with providing false, misleading, or incomplete responses to FINRA requests for information and in testimony during the two-year period after the date on which he ceased to be registered or associated with a FINRA member.

FACTS

I. BAYS OWNED AND OPERATED BAYS CAPITAL MANAGEMENT

9. On or about June 4, 2019, Bays formed Bays Capital Management, Inc.

10. After associating with LPL in July 2019, Bays used Bays Capital Management as his doing-business-as entity.

11. Bays was the president and 100 percent owner of Bays Capital Management, which was operated out of Bays' personal residence.

12. While associated with LPL, Bays was also an insurance agent.

13. Other than Bays, there were, at most, two other employees of Bays Capital Management, Associated Person A and Associated Person B. Associated Persons A and B each became Non-Registered Fingerprint Individuals of LPL on January 22, 2020.

II. BAYS FORGED FOUR CUSTOMERS' SIGNATURES ON NEW ACCOUNT DOCUMENTS.

14. When opening an account at LPL during July 2019, customers had the option to electronically sign documents, including account applications and account transfer forms. To do so, an LPL representative uploaded the documents to a secure third-party platform and entered

an email address for the customer. The electronic signature platform then emailed a link to the email address that the LPL representative had entered for the customer. The customers could then review the documents on this platform and, if they approved, click an icon to enter their electronic signature. An electronic signature was as binding as a traditional or “wet” signature.

15. In July 2019, Bays transferred the accounts of four customers—Customers A, B, C, and D—from his former firm to LPL. Bays, as the customers’ registered representative, prepared and populated the account applications and transfer forms for his customers’ electronic signatures.

16. Bays entered counterfeit email addresses into the third-party secure platform for these four customers that appeared similar to the email addresses of the customers. For example, if the customer’s email address was Customer@aol.com, Bays used a similar email address at Customer@hotmail.com.

17. Customers A, B, C, and D did not know about these email addresses.

18. On July 19, 20, and 21, 2019, without the four customers’ knowledge or permission, Bays electronically signed his customers’ names to a total of six account applications and one account transfer form. Specifically:

- a. On July 20, 2019, Bays electronically signed an LPL account application for Customer A without her knowledge or permission. Bays also overstated Customer A’s income and net worth in her account application.
- b. On July 21, 2019, Bays electronically signed an LPL account application for Customer B without her knowledge or permission. Bays also overstated Customer B’s income and net worth in her account application.

- c. On July 19, 21, and 23, 2019, Bays electronically signed three separate LPL account applications for Customer C without her knowledge or permission.
 - d. On July 20, 2019, Bays electronically signed an LPL account application and account transfer form for Customer D without her knowledge or permission.
- Bays also overstated Customer D's income and net worth in her account application.

19. With respect to each alleged forged document, the same IP address was used to electronically sign both the customer's name and Bays' name.

20. In February 2021, Customers A and B complained to LPL that they did not sign their new account applications.

III. BAYS MADE FALSE AND MISLEADING STATEMENTS IN LIFE INSURANCE APPLICATIONS AND ANOTHER FORM SUBMITTED TO AN INSURANCE COMPANY.

21. On January 29, 2020, Bays electronically signed and submitted an application for a \$5 million term life insurance policy on the life of Associated Person A and identified Bays Capital Management as the sole beneficiary. In signing the application, Bays stated that he represented "the information above is true and correct to the best of my knowledge and belief."

22. The application asked, "In the past 12 months, have you applied for any life insurance or do you have any life insurance currently pending, excluding this application." The box was marked "No" in response.

23. That response was false because Associated Person A had applied for life insurance the day before. Bays was the insurance agent for that application and submitted it to a life insurance company on Associated Person A's behalf.

24. On February 6, 2020, Bays signed documentation, including a Professional Profile form, to be appointed as a producer with an insurance company, and then submitted the

form to the insurance company. In signing, Bays certified “that the foregoing answers are true and correct to the best of [his] knowledge and belief.”

25. On the Professional Profile form, Bays represented that he was not registered with FINRA and was not associated with a broker-dealer.

26. Those statements were false because, at the time, Bays was registered with FINRA through an association with LPL.

27. On the Professional Profile form, Bays was also asked the question, “[h]ave you ever had your contract, appointment or employment arrangement terminated or have you been permitted to resign from any insurance company or other financial services employer for any reason other than low production?” Bays responded, “No.”

28. That response was false because, in 2016, Bays had been terminated by a FINRA member firm for exercising discretion in a non-discretionary account and discussing an annuity purchase with an unauthorized family member.

29. On February 19, 2020, an insurance company informed Bays that it discovered that Associated Person B had applied for life insurance with another company earlier that year and requested an explanation.

30. On February 20, 2020, Bays responded by email that “[t]he insured initialed an application but never completed it” and stated that the application was cancelled.

31. Bays’ email response was misleading because, at the time, Associated Person B had life insurance applications still pending with four other insurance companies.

32. On February 25, 2020, Bays signed an application for a \$5 million term life insurance policy on the life of Associated Person B, identifying Bays Capital Management as the sole beneficiary. In signing the application, Bays agreed that the statements in the application

were complete, true, and correctly recorded to the best of his knowledge and belief. The policy was submitted to the insurance company on or about March 6, 2020.

33. The application asked “[a]re you applying for or reinstating life insurance with any company” and the box was marked “No” in response.

34. That statement was false because, at that time, Associated Person B had insurance applications pending with five other insurance companies.

IV. BAYS PROVIDED FALSE INFORMATION TO LPL DURING THE COURSE OF THE FIRM’S INVESTIGATION.

35. In early 2020, LPL began an investigation into Bays during which he provided false information to the firm.

36. On December 22, 2020, Bays provided a letter to LPL purportedly from Insurance Company A, dated March 30, 2020, stating that Associated Person B’s policy had been cancelled at Bays’ request.

37. Bays provided this letter to LPL knowing that representation was false. At the time Bays submitted this letter to LPL, he knew Associated Person B’s policy with Insurance Company A was active.

38. Bays paid premiums for this policy from his personal bank account from its issuance in April 2020 to at least August 2020.

39. Also on December 22, 2020, Bays provided LPL with an undated document purportedly from Insurance Company B stating that Associated Person B’s policy from that company was terminated as of April 14, 2020.

40. Bays provided this letter to LPL knowing that representation was false. At the time Bays submitted this letter to LPL, he knew Associated Person B’s policy with Insurance Company B was active.

41. Bays paid premiums for this policy from his personal bank account from the policy's issuance in or around April 2020 until at least June 2023.

V. BAYS PROVIDED FALSE, MISLEADING, AND INCOMPLETE RESPONSES TO FINRA REQUESTS FOR INFORMATION AND DOCUMENTS AND DURING ON-THE-RECORD TESTIMONY.

42. In March 2021, FINRA staff opened an investigation into the allegations in Bays' initial Form U5 reporting his termination from LPL and the customer complaints reported six days later in Bays' amended Form U5.

43. In connection with its investigation, FINRA staff issued three requests to Bays for documents and information dated May 20, 2021, February 2, 2022 and July 6, 2022, (the "May Request," "February Request" and "July Request," respectively).

False and Misleading Responses to FINRA Requests for Information and Documents

44. The May Request, which was not issued pursuant to FINRA Rule 8210, stated, in Request Number 2, "Please describe the circumstances of your termination."

45. Bays responded with a signed letter, dated June 15, 2021 (the June response), in which he wrote, "[i]t is necessary to note that [Associated Persons B and A] were simply my friends and not clients because they did not have accounts under my management at LPL."

46. Bays' written statement was false. Associated Person B held an account through Bays at LPL between July 2019 and March 2021.

47. The July Request, issued pursuant to FINRA Rule 8210, stated, "For each life insurance policy sold to [Associated Person B] or [Associated Person A], identify the date the policy was sold and all commissions you earned from the sale of that policy."

48. Bays responded in writing on July 27, 2022 (the July Response), “I am not aware of a life insurance policy being sold to [Associated Person B] or [Associated Person A]. I am not aware of any commissions being earned.”¹

49. Bays’ response was false and misleading. At the time of Bays’ response, he had earned over \$720 in commissions from a still active \$5 million life insurance policy for Associated Person B issued by Insurance Company A, and over \$561 in commissions from a still active insurance policy for Associated Person B issued by Insurance Company B.

50. Request Number 5 of the July Request stated, “Explain why you or Bays Capital Management were identified as beneficiaries to insurance policies issued to [Associated Person B] or [Associated Person A].”

51. Bays responded, “I am not aware of me or Bays Capital Management being identified as beneficiaries to insurance policies issued to [Associated Person B] or [Associated Person A].”²

52. Bays’ response was false and misleading. Through at least May 2023, Bays was the beneficiary to the policy issued by Insurance Company A for Associated Person B. Bays was also the beneficiary to a policy issued by Insurance Company B for Associated Person B at the time it was issued. Bays was the agent of record and signed both insurance policies.

False and Incomplete Responses to FINRA Requests for Information and Documents

53. Request Number 1 of the February Request, issued pursuant to FINRA Rule 8210, sought “a listing of all personal and business-related bank accounts that [Bays] either controlled

¹ Bays’ response included the following caveats: “‘Sold’ is a life insurance policy, having any and all premium(s) paid, in ‘Active’ status” and “Commissions are not earned until payment of any premium(s).”

² Bays’ response included the following caveat: “‘Issue’ is a life insurance policy, having any and all premium(s) paid, in ‘Active’ status.”

or had access to for the time period January 2020 through March 2020,” and copies of monthly bank account statements for all accounts listed for the same time period.

54. On March 10, 2022, Bays responded in writing (the March Response) that he had access to just two bank accounts from January 2020 through March 2020.

55. Bays’ response was false and incomplete. Between January 2020 and March 2020, he controlled and had access to four additional bank accounts: two jointly held in his name and two held in the name of Bays Capital Management.

56. Request Number 2 of the February Request sought, “a listing of all brokerage accounts either personal or business-related that you either controlled or had access to for the time period January 2020 through March 2020,” and copies of monthly brokerage account statements for the same time period.

57. Bays responded that he had access to just two brokerage accounts from January 2020 through March 2020.

58. Bays’ response was false and incomplete. Between January 2020 and March 2020, he controlled and had access to four additional brokerage accounts from January through March 2020, including one held in the name of “Bryan C. Bays.”

False and Misleading Statements During On-the-Record Testimony

59. On August 31, 2022, FINRA staff sent Bays a request, pursuant to FINRA Rule 8210, to provide on-the-record testimony. Pursuant to that request, on September 29, 2022, Bays appeared and provided on-the-record testimony (the OTR).

60. Bays testified that he was not aware of any life insurance policies for Associated Person B going into effect.

61. That testimony was false because at least three policies on Associated Person B's life had gone into effect and Bays knew that because he personally had paid the premiums. Policies with Insurance Companies A and B were still active as of May and June 2023, respectively.

62. Bays testified that Bays Capital Management only had one bank account.

63. That testimony was false because Bays Capital Management had three bank accounts.

64. Bays testified that, while he had communicated with Customers A and B by text message in the past, he did not still have text messages with them.

65. This testimony was false because, at the time, Bays had in his possession over 85 text messages with Customer A and over 40 text messages with Customer B, and provided screenshots of them to FINRA staff in July 2023, less than a year later.

66. During testimony, Bays was questioned about an insurance application he submitted, which identified Associated Person A as a key person of Bays Capital Management. In that application, Bays represented that Bays Capital Management had gross sales of \$1.5 million, a number greatly in excess of commissions he earned in his securities business.

67. In his testimony, Bays was unable to explain the source of this income and, among other things, he testified that a third person not associated with his broker-dealer ("Person C") was the primary income earner for Bays Capital Management.

68. His testimony was misleading and incomplete and his assertion that Person C was the primary income earner for Bays Capital Management was false. She was not the primary income earner.

69. Also, during the OTR, Bays testified that he had never gone by the name Bryan Bays.

70. That testimony was false because Bays originally registered with FINRA under the name Bryan Bays and changed his first name from Bryan to Beliveau in 2015 in Dallas County, Texas.

FIRST CAUSE OF ACTION
Forgery
(Violation of FINRA Rule 2010)

71. The Department of Enforcement realleges and incorporates by reference paragraphs 1–70 above.

72. FINRA Rule 2010 requires that registered representatives, in the conduct of their business, “observe high standards of commercial honor and just and equitable principles of trade.”

73. Forgery occurs when one person signs or affixes another person’s name or initials on a document without the other person’s permission.

74. Forgery of a customer’s signature is a violation of FINRA Rule 2010.

75. During July 2019, Bays electronically signed the name of four customers on six account applications and one account transfer form without the customers’ knowledge or permission.

76. By virtue of the foregoing, Bays violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
False, Incomplete, and Misleading Responses and Testimony
Provided Pursuant to FINRA Rule 8210
(Violation of FINRA Rules 8210 and 2010)

77. The Department of Enforcement realleges and incorporates by reference paragraphs 1–70 above.

78. FINRA Rule 8210(a)(1) provides that FINRA staff may “require a . . . person subject to FINRA’s jurisdiction to provide information orally, in writing or electronically . . . and to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation.”

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

80. A person subject to FINRA’s jurisdiction who provides false, incomplete, or misleading information or testimony to FINRA during the course of an investigation violates FINRA Rule 8210.

81. A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010.

82. Bays, while subject to FINRA’s jurisdiction, provided, pursuant to FINRA Rule 8210, responses to FINRA’s requests for information and testimony that were false, incomplete, and misleading.

83. On March 10, 2022, Bays submitted a written response to a request for documents and information made pursuant to FINRA Rule 8210 that contained false statements and was incomplete as alleged in paragraphs 53 to 58 above.

84. On July 27, 2022, Bays submitted a written response to a request for documents and information made pursuant to FINRA Rule 8210 that contained false and misleading statements as alleged in paragraphs 47 to 52 above.

85. On September 29, 2022, Bays, while subject to FINRA’s jurisdiction, provided false and misleading testimony pursuant to FINRA Rule 8210 as alleged in paragraphs 59 to 70 above.

86. By virtue of the foregoing, Bays violated FINRA Rules 8210 and 2010.

THIRD CAUSE OF ACTION
False and Misleading Statements to Insurance Companies, FINRA, and a Member Firm
(Violation of FINRA Rule 2010)

87. The Department of Enforcement realleges and incorporates by reference paragraphs 1–70 above.

88. Providing false and misleading information to an insurance company is a violation of FINRA Rule 2010.

89. During January 2020 and February 2020, Bays provided false and misleading information to insurance companies on insurance applications, in a Professional Profile form, and in an email, as alleged in paragraphs 21 to 34 above.

90. Providing false and misleading information in response to a FINRA request, including requests that do not specifically cite FINRA Rule 8210, is a violation of FINRA Rule 2010.

91. In response to the May Request, Bays falsely stated that Associated Person B did not have accounts under Bays’ management at LPL, as alleged in paragraphs 44 to 46.

92. By virtue of the foregoing, Bays violated FINRA Rule 2010.

FOURTH CAUSE OF ACTION
Causing Member Firm to Make and Preserve Inaccurate Books and Records
(Violation of FINRA Rules 4511 and 2010)

93. The Department of Enforcement realleges and incorporates by reference paragraphs 1–70 above.

94. FINRA Rule 4511 requires member firms to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.”

95. Rule 17a-3 of the Securities Exchange Act of 1934 requires firms to maintain records of brokerage accounts.

96. FINRA members have an obligation to ensure that books and records made and preserved under FINRA Rule 4511 are accurate.

97. Causing a firm to make and preserve inaccurate books and records violates FINRA Rule 4511.

98. A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

99. During July 2019, Bays electronically signed the name of four customers on six account applications and one account transfer form without the customers' knowledge or permission. By forging customers' signatures, Bays caused LPL to make and preserve inaccurate books and records.

100. During July 2019, Bays overstated three customers' annual income or net worth on new account applications. By overstating their annual income and net worth, Bays caused LPL to make and preserve inaccurate books and records.

101. By virtue of the foregoing, Bays violated FINRA Rules 4511 and Rule 2010.

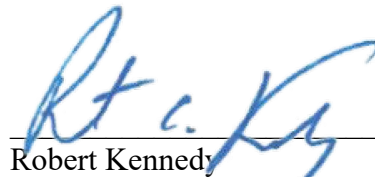
RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- C. order that Respondent bears such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: October 17, 2023



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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of October 2023, I caused a copy of the foregoing Notice of Complaint and Complaint to be sent by via Certified Mail Return, Receipt Requested, First-Class Mail, Federal Express and Electronic email to Respondent's Beliveau Bays at

Beliveau Bays
4049 Lamorna Dr
Plano, TX 75093

BY FEDEX

Beliveau Bays
1111 Avenue Atwater
Montreal, Quebec H3H 1R7

beau.bays@gmail.com.

I further certify that I caused said document to be filed with FINRA's Office of Hearing Officer's via email at OHOCasfilings@finra.org.



Natesha L. Evans
Litigation Paralegal Specialist
FINRA- Enforcement