

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021072636102**

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

RE: John M. Selleh (Respondent)
Former General Securities Principal
CRD No. 1292048

Pursuant to FINRA Rule 9216, Respondent John M. Selleh 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

Selleh joined the securities industry in 1984. He was associated with SagePoint Financial, Inc. from October 2008 to October 2021 as a General Securities Principal, among other registrations. In a Uniform Termination Notice for Securities Industry Registration (Form U5) filed on October 1, 2021, SagePoint reported that it had discharged Selleh because it was “dissatisfied with [the] level of cooperation and candor of [Selleh regarding] inquiries into activities of a former financial professional.” Selleh is not currently associated with any FINRA member but remains subject to FINRA’s jurisdiction under Article V, Section 4(a) of FINRA’s By-Laws.¹

OVERVIEW

In September 2021, Selleh assisted a registered representative whom he previously supervised at SagePoint to provide false information to that representative’s new firm during the course of its internal investigation. While Selleh was unaware of the other representative’s misconduct, he recklessly disregarded red flags indicating the information was false. Selleh also made false statements to SagePoint about his actions during the course of SagePoint’s own internal investigation. By materially assisting another representative in providing false information to another firm and by making false statements to his own firm, Selleh violated FINRA Rule 2010.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from a regulatory tip to FINRA.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Materially assisting another registered representative to provide false information to a FINRA-member firm is a violation of FINRA Rule 2010. Similarly, providing false statements or failing to disclose material information to one's own firm also violates FINRA Rule 2010.

On September 16, 2021, while associated with SagePoint as a registered principal, Selleh received a phone call from a registered representative at a different FINRA member firm seeking Selleh's assistance in responding to an internal investigation by that other firm. Selleh had supervised that representative at SagePoint from August 2018 until the representative departed in August 2021.

Over the next week, Selleh materially assisted the representative in responding to the other firm's investigation. Selleh helped the representative draft a written response to the other firm that falsely represented that the representative had invested a customer's assets in a loan. Selleh also helped the representative draft a promissory note to document the purported loan and compose purported meeting notes with the customer. While Selleh did not actually know about the representative's misconduct (which involved stealing the customer's assets), he acted recklessly in assisting the representative given various red flags, such as the representative's desire to recreate and backdate a purportedly six-year-old promissory note as well as material inconsistencies between what the representative told Selleh and information that appeared in the purported customer meeting notes.

On September 23, 2021, the representative informed Selleh that he had been terminated by the other firm and warned Selleh that he had told his firm that Selleh had a copy of the purported promissory note. The following day, on September 24, 2021, SagePoint personnel met with Selleh. Selleh falsely told them that he did not have the note and did not help the representative draft it. SagePoint personnel had a second meeting with Selleh two business days later, at which time Selleh told the truth and produced the requested document.

By materially assisting another registered representative in providing false information to another member firm and by making false statements to his own firm, Selleh violated FINRA Rule 2010.

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

- a six-month suspension from associating with any FINRA member in all capacities and
- a \$5,000 fine.

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. 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 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, 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.

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.
- 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.

10/26/2022
Date

John M. Selleh
John M. Selleh
Respondent

Reviewed by:

Lee Stein
Lee Stein, Esq.
Counsel for Respondent
Mitchell | Stein | Carey | Chapman, PC
2600 Tower
2600 N Central Ave. Suite 1000
Phoenix, AZ 85004

Accepted by FINRA:

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

11/14/2022
Date

Jeffrey E. Baldwin
Jeffrey E. Baldwin
Senior Counsel
FINRA
Department of Enforcement
1601 Market Street
Suite 2700
Philadelphia, PA 19103