

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021072708801**

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

RE: Dennis David Karjala (Respondent)
Former General Securities Representative
CRD No. 5918770

Pursuant to FINRA Rule 9216, Respondent Dennis David Karjala 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

Respondent first became registered with FINRA in June 2011 as a General Securities Representative (GSR) through an association with a FINRA member firm. In December 2019, Respondent registered as a GSR through an association with LPL Financial LLC (“LPL” or the “firm”) (CRD # 6413). On November 26, 2021, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting Respondent’s termination and stating that Respondent used a “firm unapproved messaging application to communicate with [a] customer” and made “statements guaranteeing against investment loss.” Respondent is not currently associated with a FINRA member, but remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.¹

OVERVIEW

In August 2021, Respondent provided a guarantee against loss to a firm customer, in violation of FINRA Rules 2150(b) and 2010. During the same month, Respondent also made additional statements to the same customer that failed to comply with FINRA’s content standards for communications with the public, in violation of FINRA Rules 2210(d) and 2010.

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

In addition, Respondent made these statements to the customer using text messages via his personal cell phone, rather than a firm-approved application. As a result, the communications were not preserved as required by Section 17(a) of the Securities Exchange Act of 1934 (the Exchange Act) and Rule 17a-4(b)(4) thereunder. By causing LPL to maintain incomplete books and records, Respondent violated FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a complaint made to FINRA.

A. Respondent Guaranteed a Brokerage Customer Against Loss.

FINRA Rule 2150(b) provides that “[n]o member or person associated with a member shall guarantee a customer against loss in connection with any securities transaction or in any securities account of such customer.”

FINRA Rule 2010 requires FINRA members and their associated persons, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.” A violation of FINRA Rule 2150 is also a violation of FINRA Rule 2010.

During August 2021, Respondent’s firm customer (the “Customer”) made an inquiry via text message about a mutual fund investment Respondent had recommended. In an August 2021 response, which Respondent sent to the Customer via text message using his personal cell phone, Respondent stated that he would give the Customer money to guarantee against any future losses in the investment.

Therefore, Respondent violated FINRA Rules 2150(b) and 2010.

B. Respondent Sent the Customer Text Messages that Violated the Content Standards for Registered Representatives’ Communications with the Public.

FINRA Rule 2210 governs communications by registered representatives with the public. FINRA Rule 2210(d)(1)(B) prohibits making “any false, exaggerated, unwarranted, promissory, or misleading statement or claim in any communication.” A violation of FINRA Rule 2210 is also a violation of FINRA Rule 2010.

During August 2021, Respondent also sent the same Customer multiple text messages using his personal cell phone that violated the content standards of FINRA Rule 2210(d)(1)(B). For example, Respondent stated that a mutual fund in which the customer invested charged only an upfront fee, rather than any additional fees, even though the mutual fund charged ongoing fees. Additionally, Respondent stated that the customer “already lost 30%” by holding cash, without providing a basis for calculation. In addition, Respondent stated that he was “certain” the customer would make “plenty of money” before retirement and that the customer’s investment should “double.” These statements were false, exaggerated, unwarranted, promissory and/or misleading.

Therefore, Respondent violated FINRA Rules 2210(d)(1)(B) and 2010.

C. Respondent Caused LPL to Maintain Incomplete Books and Records.

FINRA Rule 4511 requires each member firm to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.” Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder require each member firm to maintain, for a period of not less than three years, all communications sent and received relating to its business. A registered representative who causes his or her member firm to fail to comply with these recordkeeping obligations violates FINRA Rules 4511 and 2010.

During the relevant period, LPL’s written supervisory procedures required that representatives use an LPL-approved application when sending electronic communications related to the firm’s securities business. However, as described above, during August 2021, Respondent exchanged text messages related to securities business with the Customer using his personal cell phone and outside of any LPL-approved application. Respondent did not provide copies of these communications to LPL. As a result, the firm did not capture or preserve these messages.

Therefore, Respondent violated FINRA Rules 4511 and 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 and
- a \$10,000 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:

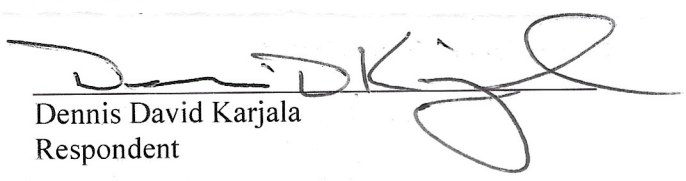
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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 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.

OCTOBER 7, 2022
Date

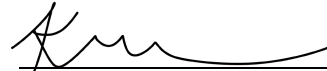

Dennis David Karjala
Respondent

Accepted by FINRA:

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

October 24, 2022

Date



Katherine Wyman

Principal Counsel

FINRA

Department of Enforcement

200 Liberty Street

New York, NY 10281