

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021073031001**

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

RE: Jeffrey Kenneth Kirkpatrick (Respondent)
Former General Securities Principal
CRD No. 3069597

Pursuant to FINRA Rule 9216, Respondent Jeffrey Kenneth Kirkpatrick 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

Kirkpatrick first registered with FINRA in 1998. From October 2016 to October 2021, he was registered as a General Securities Representative and General Securities Principal through an association with LPL Financial LLC (CRD No. 6413). On October 27, 2021, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5), disclosing that the firm had discharged Kirkpatrick because he “[f]acilitated [a] wire transfer of customer funds to [a] third-party business entity, which was also a customer of [Kirkpatrick’s] third-party [investment adviser], without discussing such transfer with [LPL].”

Kirkpatrick is not currently registered or associated with a FINRA member firm. However, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.

In June 2022, Kirkpatrick entered into a cease-and-desist order with the Securities and Exchange Commission for willfully aiding and abetting, and causing the investment adviser of which he was chief compliance officer and principal, to violate Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. The Commission found that Kirkpatrick knew or should have known that the investment adviser’s compliance program was inadequately implemented with respect to supervision of an investment adviser representative’s outside business activities, but that he did not make sufficient changes to the compliance program’s design and implementation. The SEC

ordered Kirkpatrick to cease and desist from committing or causing any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder; barred him from acting in “a supervisory or compliance capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or national recognized statistical rating organization,” with the ability to reapply to do so after five years; and assessed a civil penalty of \$15,000.¹

OVERVIEW

On July 14, 2020, Kirkpatrick electronically signed a wire transfer request form at the request of his business partner (who was a co-representative on the account at issue), and submitted it to LPL to effectuate his customers’ requested transfer of \$1 million from their account to the account of a third-party entity. Kirkpatrick falsely attested on the form that he had verbally confirmed “the amount, timing and payee instructions with the customer,” when he in fact had not. As a result, Kirkpatrick violated FINRA Rule 2010, and he separately violated FINRA Rules 4511 and 2010, by causing LPL to maintain inaccurate books and records.

Additionally, between December 2019 and June 2021, Kirkpatrick used his personal mobile phone to exchange text messages with his business partner about LPL business. Because LPL did not permit registered representatives to send or receive business-related text messages outside of the firm’s approved text messaging application, LPL did not preserve Kirkpatrick’s text messages 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, Kirkpatrick violated FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA’s review of the Form U5 filed by LPL.

While associated with LPL, Kirkpatrick also was a principal of an investment adviser that was registered with the U.S. Securities and Exchange Commission. Almost all client assets of the investment adviser were held in accounts at LPL. The other principal of the investment adviser was Registered Representative A, who was also registered with FINRA through an association with LPL. Registered Representative A engaged in outside business activities that he did not disclose to LPL, and he caused LPL clients to transfer money from their LPL accounts to those outside business activities.² One of those outside business activities was Company B.

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

² In October 2021, FINRA accepted and issued a Letter of Acceptance, Waiver, and Consent which found that Registered Representative A had failed to provide documents, information, and testimony as required by FINRA Rule 8210 and barred him from associating with a FINRA member firm in all capacities.

A. Kirkpatrick falsely attested on an LPL wire transfer request form that requested the transfer of \$1 million from an LPL customer account to Company B.

FINRA Rule 2010 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. Falsifying documents is inconsistent with high standards of commercial honor and just and equitable principles of trade and violates FINRA Rule 2010.

FINRA Rule 4511 requires member firms and associated persons to make and preserve books and records as required by applicable laws, rules, and regulations. Implicit in the obligation to make and preserve books and records is the requirement that the information in those books and records be true and accurate. An associated person who enters inaccurate information in a firm’s books and records violates FINRA Rules 4511 and 2010.

On July 14, 2020, Registered Representative A requested that Kirkpatrick effectuate a request made by Customers 1 and 2, a married couple, to transfer \$1 million from their account to Company B. To comply with this request, Kirkpatrick electronically signed an LPL “Move Money” form, on which he attested that he had verbally confirmed “the amount, timing and payee instructions with the customer.” Kirkpatrick had not, however, confirmed any of those details with Customers 1 or 2. Instead, Kirkpatrick signed the “Move Money” form at Registered Representative A’s request—without inquiring into the purpose of the wire transfer, and without speaking with either customer before signing and submitting the form to LPL.³

By falsifying an LPL wire transfer request form, Kirkpatrick violated FINRA Rule 2010. In addition, Kirkpatrick violated FINRA Rules 4511 and 2010 by causing LPL to maintain inaccurate books and records.

B. Kirkpatrick communicated about firm business outside of LPL-approved channels.

FINRA Rule 4511 requires each member to make and preserve books and records in conformity with, among others, Section 17(a) of the Exchange Act and Exchange Act Rule 17a-4(b)(4), which requires member firms to maintain, for a period of not less than three years, the originals of all communications received, and copies of all communications sent, by the member relating to the member’s 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.

At all times during the relevant period, LPL’s written supervisory procedures required registered representatives to use only LPL-approved methods of communication when

³ Kirkpatrick and Registered Representative A were both the registered representatives of record for Customers 1 and 2’s LPL account.

sending or receiving electronic communications related to the firm's securities business. LPL permitted registered representatives to communicate about firm business via text messaging only through a firm-approved text messaging application. In 2020, Kirkpatrick attested on a firm compliance questionnaire that all of his investment-, financial-, and insurance-related electronic communications were made using only LPL-approved email addresses.

Nonetheless, between December 2019 and June 2021, Kirkpatrick used his personal mobile phone to send and receive text messages related to LPL's securities business. He exchanged text messages with Registered Representative A about firm business on at least ten occasions—nine of which concerned the signing and approval of wire transfer requests from clients' LPL accounts, and one of which concerned a customer complaint. Kirkpatrick did not use an LPL-approved text messaging application to transmit or receive any of the text messages that he exchanged with Registered Representative A. As a result, the firm did not capture or preserve the communications, which it was required to do under the Exchange Act and FINRA Rules.

Therefore, Kirkpatrick violated FINRA Rules 4511 and 2010.

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

- a four-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 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.

9/12/2023
Date

Jeffrey K Kirkpatrick
Jeffrey/Kenneth Kirkpatrick
Respondent

Reviewed by:

Joel R. Beck
Joel R. Beck
Counsel for Respondent
The Beck Law Firm, LLC
2090 Sugarloaf Parkway, Suite 135
Lawrenceville, GA 30045

Accepted by FINRA:

September 12, 2023

Date

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

Rebecca Segrest
Rebecca Segrest
Senior Counsel
FINRA
Department of Enforcement
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