

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021073037101**

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

RE: Robert Earl Turner, Jr. (Respondent)
Former General Securities Representative
CRD No. 2113736

Pursuant to FINRA Rule 9216, Respondent Robert Earl Turner, Jr. 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

Turner first became registered with FINRA in 1991. He was registered as a General Securities Representative through an association with UBS Financial Services Inc. (CRD No. 8174) from March 1996 to October 2021, and through an association with another member firm from September 2021 to February 2022.

On November 12, 2021, UBS filed an Amended Uniform Termination Notice for Securities Industry Registration (Form U5), disclosing that the firm had initiated an internal investigation into Turner on October 21, 2021, due to “[c]oncerns raised regarding disbursements from client accounts, purportedly for investments not offered on the UBS platform.” On April 14, 2022, UBS filed another Amended Form U5, disclosing that UBS had concluded its internal investigation into Turner, and further disclosing that “[t]he Firm concluded that Robert Turner knowingly caused clients to send funds to a fraudulent entity.”

Turner 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.¹

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

OVERVIEW

From approximately 1997 to 2021, Turner participated in private securities transactions without providing prior written notice to his firm. Specifically, Turner marketed, recommended, and sold “fixed annuities” offered by Fairfax Financial Corporation to at least 30 UBS customers, who collectively invested over \$7.2 million in Fairfax. The Fairfax “fixed annuities” were not, in fact, fixed annuities, but rather securities, and Turner participated in these transactions without providing prior written notice to UBS. As a result, Turner violated NASD Rules 3040 and 2110 and FINRA Rules 3280 and 2010.²

FACTS AND VIOLATIVE CONDUCT

This matter originated from a regulatory tip made to FINRA.

FINRA Rule 3280(b), and its predecessor, NASD Rule 3040(b), require that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice” to his or her firm “describing in detail the proposed transaction and the person’s proposed role therein.” FINRA Rule 3280(e) and NASD Rule 3040(e) define a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” A violation of FINRA Rule 3280 and NASD Rule 3040 also constitutes a violation of NASD Rule 2110 and FINRA Rule 2010, which require associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From 1997 to 2021, while associated with UBS, Turner marketed, recommended, and sold to at least 30 of his UBS customers a “fixed annuity” product offered through Fairfax—an entity formed in the late 1990s by Turner’s college friend and business acquaintance, Individual A. Although marketed and sold as so-called “fixed annuities,” the Fairfax “fixed annuities” were in fact securities. Fairfax was not a licensed insurance company, nor was it licensed or authorized to sell fixed annuities at any time during the period when Turner sold the Fairfax “fixed annuities.” Collectively, Turner’s UBS customers invested over \$7.2 million in Fairfax.

Turner directly sold the Fairfax “fixed annuities” to his UBS customers. He marketed the “fixed annuities” to his customers and made recommendations about how much money they should invest in the “fixed annuities.” At Turner’s direction, his customers wired money from their UBS accounts to the Fairfax bank accounts or wrote checks made payable to Fairfax, which Turner collected and sent to Individual A to deposit. Individual A, in turn, represented that Fairfax used the proceeds from sales of the “fixed annuities” to invest in commercial real estate and oil and gas development projects. Based on Turner’s representations and quarterly “annuity statements” that Fairfax sent to them, Turner’s customers believed they would be earning a fixed, guaranteed rate of return of between 4% and 8%, compounded on a quarterly basis. Turner did not disclose his

² FINRA Rule 3280 superseded NASD Rule 3040 on September 21, 2015. FINRA Rule 2010 superseded NASD Rule 2110 on December 15, 2008.

affiliation with Individual A to any of his customers who invested in the Fairfax “fixed annuities.”

UBS’s policies prohibited Turner from recommending, referring, soliciting, or directing clients to purchase any product not approved or offered by UBS. However, Turner did not provide written notice to UBS before participating in the sale of the Fairfax “fixed annuities,” which was outside the scope of his employment with the firm. To the contrary, Turner actively concealed from UBS his involvement in selling the “fixed annuities,” which he knew were not an approved UBS product. For example, Turner directed Individual A to send copies of the Fairfax quarterly annuity statements to his personal P.O. Box instead of his UBS office. Turner also falsely attested on several UBS compliance certifications that he understood and agreed to comply with the firm’s prohibition on selling away.

In the fall of 2021, one of Turner’s former UBS customers sought to withdraw her entire investment from Fairfax, which the most recent “annuity statement” she received had led her to believe was valued at over \$450,000. Individual A died in December 2021, before the customer received any money from her investment in Fairfax. Following Individual A’s death, those of Turner’s customers who invested in Fairfax lost most, if not the entirety, of their investments.

Therefore, Turner violated NASD Rules 3040 and 2110 and FINRA Rules 3280 and 2010.

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

- a bar from associating with any FINRA member in all capacities.

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 sanction imposed in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

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.

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.

January 25, 2023

Date

Robert Turner, Jr.

Robert Earl Turner, Jr.
Respondent

Reviewed by:

John Morgan

John S. Morgan, Esq.
Counsel for Respondent
Kilgore Law
3141 Hood Street, Suite 500
Dallas, TX 75219

Accepted by FINRA:

January 27, 2023

Date

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

Maureen Mueller

Maureen E. Mueller
Counsel
FINRA
Department of Enforcement
5200 Town Center Cir.
Tower 1, Suite 200
Boca Raton, FL 33486