

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073912801**

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

RE: Brian Moran (Respondent)
Financial and Operations Principal
CRD No. 1940341

Pursuant to FINRA Rule 9216, Respondent Brian Moran 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

Moran first became registered with FINRA in 1999. In March 2021, Moran registered with FINRA as a Financial and Operations Professional (FinOP) (among other capacities) through an association with StartEngine Primary LLC. On October 3, 2022, StartEngine filed a Uniform Termination Notice for Securities Industry Registration (Form U5) reporting Moran's voluntary termination. Moran is currently registered with FINRA through associations with other member firms.¹

OVERVIEW

Moran, as FinOp for StartEngine, allowed the firm to conduct a securities business while failing to maintain its minimum required net capital and failed to file timely notifications of the firm's net capital deficiencies between August 2021 and December 2021. Moran also caused the firm to inaccurately calculate its customer reserve amounts and not maintain a sufficient balance in its customer reserve account between April 8, 2022 and July 22, 2022. During these time periods, Moran additionally prepared and caused the firm to file three inaccurate FOCUS reports of the firm's net capital and two inaccurate FOCUS reports of the firm's customer reserves. Consequently, Moran violated FINRA

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

Rules 4110(b), 4511, and 2010. Moran is suspended for three months as a FinOP, required to requalify by examination before he can act as a FinOP, and fined \$10,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA examination of the firm.

Moran permitted StartEngine to conduct a securities business while it failed to maintain its minimum required net capital.

Exchange Act § 15(c) and Exchange Act Rule 15c3-1 require a member firm to have and maintain a minimum amount of net capital. FINRA Rule 4110(b)(1) requires a member firm to suspend all business operations during any period in which it is not in compliance with applicable net capital requirements set forth in Exchange Act Rule 15c3-1. An individual violates FINRA Rule 4110(b) when he or she permits a member firm to conduct a securities business at a time when the firm is failing to maintain its minimum net capital.

Exchange Act § 17(a) and Exchange Act Rule 17a-11 require a member firm whose net capital declines below its minimum required amount to give same-day notice of the deficiency to FINRA and the Securities Exchange Commission (SEC).

FINRA Rule 4511(a) requires a member firm to make and preserve books and records as required under FINRA rules, the Exchange Act, and applicable Exchange Act rules. Exchange Act § 17(a) and Exchange Act Rules 17a-3(a)(11), 17a-4(b)(1), and 17a-4(b)(5) require a member firm to make, keep current, and preserve net capital calculations. Exchange Act § 17(a) and Exchange Act Rule 17a-5 require a member firm to timely file monthly or quarterly Financial and Operational Combined Uniform Single (FOCUS) reports containing certain accounting and financial information, including the firm's minimum required net capital, net capital, and excess net capital. Inherent in the obligation to make and preserve books and records is the requirement that they be accurate. An individual violates FINRA Rule 4511 when he or she causes a member firm to not comply with its recordkeeping requirements.

An individual who causes his firm to violate the Exchange Act or Exchange Act rules violates FINRA Rule 2010, which requires an associated person to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his business. A violation of FINRA Rules 4110 and 4511 is also a violation of FINRA Rule 2010.

Between March 2021 and October 2022, Moran, as StartEngine's FinOP, was responsible for calculating the firm's net capital and filing the firm's FOCUS reports. He also had authority, based on the firm's written supervisory procedures, to suspend the firm's business operations if its net capital fell below its required minimum. Between September 2021 and November 2021, the firm's parent approved three corporate resolutions to contribute capital (via debt forgiveness) to the firm. Moran was aware that these resolutions were backdated to dates of July 1, September 1, and October 1, 2021, which were 53, 84, and 65 days earlier, respectively, than the dates of actual execution. Moran

approved the firm's net capital computations based on the backdated dates of these resolutions rather than the dates of actual execution, resulting in the incorrect calculation of the firm's net capital. Moran prepared and filed, on the firm's behalf, inaccurate FOCUS reports that misstated StartEngine's net capital for the third quarter of 2021, October 2021, and November 2021.

Moran was aware that the firm was below its minimum required net capital on 45 days between August 1, 2021 to December 5, 2021 in amounts up to approximately \$2 million. Moran permitted StartEngine to conduct a securities business while it was net capital deficient on each of these 45 days. Moran also failed to file any net capital deficiency notifications with FINRA and the SEC when the firm was below its minimum required net capital on August 1 and August 2. Moran filed notifications on behalf of StartEngine between 51 and 54 days after he became aware of the remaining deficiencies.

Therefore, Moran violated FINRA Rules 4110(b)(1), 4511 and 2010.

Moran caused StartEngine to inaccurately calculate its customer reserve requirement and not maintain a sufficient balance in its reserve account.

The purpose of Exchange Act § 15(c)(3) and Exchange Act Rule 15c3-3, known as the "Customer Protection Rule," is to protect customer securities and funds that customers leave in a firm's custody from being improperly used by a broker-dealer to fund its business operations and to ensure that funds are available for distribution to customers if the broker-dealer becomes insolvent. Exchange Act Rule 15c3-3(e)(1) requires broker-dealers that hold customer funds to open and maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers" (the Reserve Account). Broker-dealers must at all times maintain certain minimum deposits of cash and/or qualified securities in the Reserve Account computed in accordance with a formula incorporated in Exhibit A of Exchange Act Rule 15c3-3 (the Reserve Formula). This requirement is intended to ensure that funds are available to pay customers if the broker-dealer was ever required to liquidate.

The Reserve Formula requires every broker-dealer to calculate the amounts it owes to customers (reserve credits) and compare that amount to the amounts its customers owe to the broker-dealer (reserve debits). If reserve credits exceed reserve debits, as determined by the Reserve Formula, the broker-dealer must deposit the difference in its Reserve Account. Exchange Act Rule 15c3-3(e)(3)(i)(A) requires the firm to perform weekly calculations as of the close of the last business day of the week to determine the requisite amount to be deposited in the Reserve Account.

Exchange Act § 17(a) and Exchange Act Rule 17a-4(b)(5) require broker-dealers to preserve all trial balances, computations of aggregate indebtedness and net capital, among other things. An SEC Interpretation of this Rule states that all reserve computations and supporting documents made pursuant to Rule 15c3-3(e)(3) are included within this requirement. Exchange Act § 17(a) and Exchange Act Rule 17a-5 also require a member firm to file monthly or quarterly FOCUS reports containing the firm's calculation of its Reserve Formula. Inherent in the obligation to make and preserve books

and records is the requirement that they be accurate. An individual violates FINRA Rule 4511 when he or she causes a member firm to not comply with its recordkeeping requirements.

As StartEngine's FinOP, Moran was responsible for the firm's weekly customer reserve calculation. Between April 8, 2022 and July 22, 2022, Moran either failed to perform the reserve calculation or performed it incorrectly by treating customer deposits that the firm was waiting to clear as debits. Consequently, Moran caused StartEngine to fail to maintain a sufficient balance in its Reserve Account, resulting in sixteen deficiencies in amounts up to approximately \$220,000. Moran also caused the firm to misstate its customer reserves on its books and records and to file inaccurate FOCUS reports in April and May 2022.

Therefore, Moran 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 as a Financial and Operations Principal;
- a requirement to requalify as a Financial and Operations Principal by passing the requisite examination prior to acting in that capacity with any FINRA member; and
- a \$10,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

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 in a limited capacity, 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, Respondent may not be associated with any FINRA member in a Financial and Operations Principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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.

10/1/2025
Date



Brian Moran
Respondent

Reviewed by:

Christopher W. Gerold
Christopher Gerold
Counsel for Respondent
Lowenstein Sandler LLP

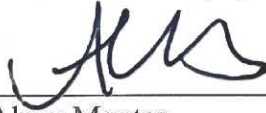
One Lowenstein Drive
Roseland, New Jersey 07068

Accepted by FINRA:

October 9, 2025

Date

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



Alana Montas

Counsel

FINRA

Department of Enforcement

Brookfield Place

200 Liberty Street

New York, New York 10281