

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022075399002**

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

RE: Armando Alejandro Barron (Respondent)
Former Research Analyst
CRD No. 4394048

Pursuant to FINRA Rule 9216, Respondent Armando Alejandro Barron 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

Barron first registered with FINRA as a General Securities Representative (GS) in 2004 and as a Research Analyst (RS) in 2005 through an association with a member firm. From 2007 to 2010, Barron was registered as a GS and RS through an association with another FINRA member firm. In August 2011, Barron registered as a GS and RS through an association with IRC Securities LLC (IRC). On April 11, 2023, IRC filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that IRC had discharged Barron “because the Firm determined that it did not wish to continue to supervise his outside business activities which did not relate to the Firm’s primary business.”

Although Barron is not currently registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.¹

OVERVIEW

Between October 2019 and April 2023, while associated with IRC, Barron participated in private securities transactions by soliciting 14 investors to enter into 30 promissory note transactions, totaling \$979,500, with a limited liability company (LLC) owned and

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

controlled by Barron. The notes were securities, and Barron failed to provide the firm with adequate prior written notice of these private securities transactions. As a result, Barron violated FINRA Rules 3280 and 2010.

In addition, from at least October 2020 to at least February 2023, Barron violated FINRA Rules 2210 and 2010 by soliciting individuals to invest in the promissory notes through communications that failed to comply with FINRA's content standards for communications with the public.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2022 examination of IRC.

Barron failed to provide his firm adequate prior written notice of his private securities transactions.

FINRA Rule 3280 prohibits any person associated with a member firm from "participat[ing] in any manner in a private securities transaction," unless, prior to participating in the transaction, the associated person provides "written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." FINRA Rule 3280(e)(1) defines "private securities transaction" to mean "any securities transaction outside the regular course or scope of an associated person's employment with a member." A violation of FINRA Rule 3280 constitutes a violation of FINRA Rule 2010, which requires member firms and their associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From October 2019 to April 2023, Barron participated in private securities transactions by soliciting investors, who were not IRC customers, to enter into promissory notes with an LLC he owned and controlled. Noteholders were entitled to a fixed annual rate of return of five to six percent, paid monthly, and repayment of principal upon one month's notice. Barron personally solicited each noteholder and signed each note on behalf of the LLC. Ultimately, Barron solicited 14 individuals to invest in a total of 30 promissory notes for investments totaling \$979,500.²

From October 2019 to January 2021, Barron did not provide IRC with written notice of his promissory note activity. During that time, Barron solicited seven individuals to invest in promissory notes totaling \$135,000.

In January 2021, Barron partially disclosed his promissory note activity to IRC by amending his previous outside business activity disclosure concerning the LLC. In that amendment, Barron provided a copy of the promissory note and wrote that "[t]he money" from the promissory notes "is invested" in a specific investment fund managed by the LLC. That disclosure was incomplete and inaccurate because, in fact, Barron also used

² All investors in the notes received timely interest payments, and the LLC has repaid all investors' principal.

the money for purposes other than investing in that fund, including non-income generating purposes. Barron never provided further notice or disclosure of his promissory note activities to IRC. Ultimately, Barron solicited a total of 14 investors to enter into 30 promissory note transactions totaling \$979,500 during the relevant period.

Therefore, Barron violated FINRA Rules 3280 and 2010.

Barron solicited individuals to invest in the promissory notes through communications that failed to comply with FINRA’s content standards for communications with the public.

FINRA Rule 2210 sets forth content standards governing the public communications of FINRA members and their associated persons, including communications concerning associated persons’ private securities transactions.

FINRA Rule 2210(d)(1)(A) requires that all member communications be based on principles of fair dealing and good faith, be fair and balanced, and provide a sound basis for evaluating the facts in regard to any particular security, industry, or service. No member may omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communication to be misleading.³

FINRA Rule 2210(d)(1)(B) states that no member may make any false, exaggerated, unwarranted, promissory, or misleading statement or claim in any communication or publish, circulate, or distribute any communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

FINRA Rule 2210(d)(2) provides that any comparison in retail communications⁴ between investments or services must disclose all material differences between them, including (as applicable) investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.”

A violation of any of the above sections of FINRA Rule 2210 also constitutes a violation of FINRA Rule 2010.

From at least October 2020 to at least February 2023, Barron distributed communications concerning the promissory notes that failed to comply with the content standards of FINRA Rule 2210.

³ FINRA Rule 2210(a)(1) defines “communications” to “consist of correspondence, retail communications and institutional communications.”

FINRA Rule 2210(a)(2) defines “correspondence” to mean “any written (including electronic) communication that is distributed or made available to 25 or fewer retail investors within any 30 calendar-day period.”

⁴ FINRA Rule 2210(a)(5) defines “retail communication” to mean “any written (including electronic) communication that is distributed or made available to more than 25 retail investors within any 30 calendar-day period.”

First, Barron disseminated communications about the notes that did not provide a fair and balanced treatment of their risks and benefits and failed to provide a sound basis for evaluating the facts concerning the notes.

For example, in October 2020, Barron livestreamed and presented a PowerPoint presentation to potential investors, which he subsequently uploaded to a publicly-available YouTube webpage, that touted the notes' rate of return without a fair and balanced presentation of their risks, such as the risk that his LLC could become insolvent or illiquid. On at least seven occasions between April 2021 and February 2023, Barron livestreamed similar presentations to an unknown number of viewers.

On September 30, 2021, Barron sent an email via the LLC's email listserv to at least 1,572 recipients titled "Tired of Banks Paying You 0%? Want to Learn How to Earn a Safe 6% Interest Rate." The email did not include a fair and balanced presentation of risks associated with the notes, such as the risk that the issuing company may not be able to make required principal and interest payments.

In a brochure Barron created in November 2022 and distributed to seven potential noteholders, including four who became noteholders, Barron promoted the potential benefits of the notes and omitted any discussion of risks.

On January 27, 2023, Barron sent an email via the LLC's listserv to at least 1,501 recipients titled "Tired of getting paid 0% in your bank? Why not get 6%?" The email advertised that the LLC's promissory notes had been paying six percent interest for two years without a fair and balanced presentation of their risks including that the issuing company may not be able to make principal and interest payments.

On February 15, 2023, Barron sent an email via the LLC's listserv to at least 1,496 recipients titled "Is your bank paying you 6%? If not, let's talk." The email advertised the notes but did not include a fair and balanced presentation of risks associated with the notes.

As a result, Barron violated FINRA Rules 2210(d)(1)(A) and 2010.

Second, Barron disseminated communications about the notes that contained unwarranted, promissory, or misleading statements concerning the notes. For example, during his October 2020 presentation, Barron claimed that the notes' principal was "guaranteed." In at least seven other livestreamed versions of that presentation delivered between April 2021 and February 2023, Barron made the additional unwarranted and misleading statement that the notes carried "no risk." In his email dated September 29, 2021, Barron made the misleading and promissory statements that noteholders "will not risk loss of principal as this is a preferred loan, not an investment" and that the notes were "guaranteed." In his November 2022 promissory note brochure, Barron made the unwarranted and misleading statement that the LLC "bears the risk of the investment, not you," as well as the statement that "[t]he money" from the promissory notes "is invested

in assets that generate cash flow,” when in fact Barron used promissory note funds for a variety of purposes including some that did not generate cash flow.

As a result, Barron violated FINRA Rules 2210(d)(1)(B) and 2010.

Third, Barron made comparisons in retail communications between investments without disclosing all material differences between those investments. For example, in his October 2020 presentation, which was accessible to the general public on YouTube for a period of at least three years, Barron compared the notes to “Index Benchmarks[s]” of certificates of deposit (CDs) and “most annuities” without disclosing all material differences between those investments. In his email dated January 27, 2023, distributed to at least 1,501 recipients, Barron again compared the notes to CDs with the only stated difference between the products being that that noteholders’ principal could be withdrawn at any time without penalty. In his email dated February 15, 2023, distributed to at least 1,496 recipients, Barron compared the notes to “your bank,” asking “is your bank paying you 6%?” without any disclosure of material differences.

As a result, Barron violated FINRA Rules 2210(d)(2) and 2010.

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

- a 24-month suspension from associating with any FINRA member in all capacities and
- a \$50,000 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:

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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.

December 9, 2024

Date

Armando Barron

Armando Alejandro Barron
Respondent

Reviewed by:

Scott Andersen

Scott Andersen
Counsel for Respondent
Andersen, P.C.
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Accepted by FINRA:

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

January 8, 2025

Date

Nicolas Steenland

Nicolas W. Steenland
Counsel
FINRA
Department of Enforcement
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