

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076210801**

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

RE: Emilio Guajardo, Jr. (Respondent)
Former General Securities Representative
CRD No. 4871764

Pursuant to FINRA Rule 9216, Respondent Emilio Guajardo, Jr., (“Guajardo”), 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

Guajardo first became registered with FINRA as a General Securities Representative (“GSR”) in March 2010 through an association. In January 2018, Guajardo became registered with FINRA as a GSR through his association with BB&T Securities, LLC (“BB&T”). On June 8, 2020, BB&T filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) terminating his registration and listed the reason for termination as “Voluntary.” On September 7, 2022, the firm that acquired BB&T, Truist Investment Services, Inc., (“Truist”), filed an amended Form U5 for Guajardo reporting its August 2022 settlement of a written customer complaint alleging “misrepresentation of investment” in connection with the January 2020 purchase of an unsuitable Unit Investment Trust (“UIT”) for \$996,900. In June 2020, Guajardo became registered as a GSR and IR through an association with Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”). In November 2024, Merrill Lynch filed a Form U5 terminating Guajardo’s registration and listed the reason for termination as “Voluntary.” Guajardo 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

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

OVERVIEW

From December 2019 through June 2020, (the “Relevant Period”), Guajardo overconcentrated four customer accounts in a Unit Investment Trust (UIT) that invested only in the energy sector, which was inconsistent with the customers’ investment objectives and risk tolerances. As a result, Guajardo violated FINRA Rules 2111 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from the Form U5 amendment for Guajardo, which reported the above-referenced customer complaint.

FINRA Rule 2111 requires that “an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile.” FINRA Rule 2111 provides that a “customer’s investment profile includes, but is not limited to, the customer’s age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to a member or associated person in connection with such recommendation.”

A recommendation may be unsuitable if it results in an undue concentration in a particular security or type of security, in light of the customer’s financial condition, risk tolerance or investment objectives. Concentration of a customer’s funds in a particular security increases the risk of loss beyond what is consistent with the objective of safe, non-speculative investing. Accordingly, undue concentration amounts to a violation of FINRA Rule 2111.

By recommending unsuitable transactions, a registered representative acts inconsistently with high standards of commercial honor and just and equitable principles of trade, and thereby also violates FINRA Rule 2010.

A UIT is a type of investment company that issues securities, typically called “units,” representing undivided interests in a relatively fixed portfolio of securities. The UIT recommended by Guajardo invested in energy-sector companies exploring for, producing, refining, distributing, or selling petroleum or gas products, or providing parts or services to petroleum or gas companies, and had risks, including the risk of volatile fluctuations in price and supply of energy fuels. In addition, investments in the UIT were subject to a two-year holding period, and no changes to the UIT’s underlying holdings could be made during the holding period, including in response to market volatility.

Customers A and B

In January 2020, Guajardo recommended that Customers A and B, a married couple, with an investment objective to accumulate wealth and generate income and a moderately

aggressive risk tolerance invest \$996,900, or all their investable assets, and 84% of their liquid net worth, in the UIT. By the time their investment matured in December 2021, the customers had sustained approximately \$607,856 in losses in the UIT. The customers subsequently complained to Truist. In August 2022, Truist entered into a settlement with the customers for \$607,856 to resolve the complaint.

Customer C

In January 2020, Guajardo recommended that Customer C, a retired construction worker, also invest in the UIT. At Guajardo's recommendation, the customer invested approximately \$250,000, or 60% of his liquid net worth, from \$408,000 in retirement funds. Aside from these funds, the customer had no other funds for his retirement except for social security income. Customer C's investment objective was to accumulate wealth and generate income and he had a moderate risk tolerance. In April 2021, the customer sold his investments for approximately \$70,000. Truist subsequently restored Customer C's account to its initial value less any withdrawals.

Customers D and E

In February 2020, Guajardo recommended that Customers D and E, a married couple working in the real estate industry, invest in the UIT. At Guajardo's recommendation the customers invested approximately \$47,000, all of their investable assets at BB&T. The customers had a moderate risk tolerance and their investment objective was to accumulate wealth. In December 2020, the customers sold their investments in the UIT for approximately \$12,500. Truist entered into a settlement with the customers for the losses they incurred.

Customer F

In January 2020, Guajardo recommended that Customer F, a senior who worked as an auto mechanic, invest in the UIT. At Guajardo's recommendation, Customer F invested approximately \$450,000, representing nearly a quarter of Customer F's investment holdings. At the time of his account transfer, the investment had declined to approximately \$321,000. Truist entered into a settlement with Customer F for approximately \$250,000.

Guajardo obtained commissions totaling \$34,878.29. Guajardo's recommendations that the customers invest in the UIT resulted in concentrations in this alternative investment, ranging from 22 percent to 99 percent of the customers' account assets, that were not suitable for the customers based on the customers' investment profiles, including their risk tolerance, and the risks associated with the UIT.

Therefore, Guajardo violated FINRA Rules 2111 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;
- a \$5,000 fine; and
- Disgorgement of commissions received, which is ordered to be paid to FINRA in the amount of \$34,878.29 plus interest as described below.

The fine and disgorgement of commissions 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.

Disgorgement of commissions is ordered to be paid to FINRA in the amount of \$34,878.29, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621 from December 1, 2019 until the date this AWC is accepted by the National Adjudicatory Council (NAC).

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 herein shall be effective on a date set by FINRA staff.

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.

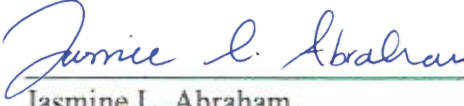
12-8-27
Date


Emilio Guajardo, Jr.
Respondent

Accepted by FINRA:

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

12/23/2024
Date


Jasmine L. Abraham
Counsel
FINRA
Department of Enforcement
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