

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023077756701**

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

RE: Derek Lee Copeland (Respondent)
Former General Securities Representative
CRD No. 4347572

Pursuant to FINRA Rule 9216, Respondent Derek Lee Copeland 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

Copeland first became registered with FINRA in 2001 through an association with a member firm. From March 2020 to January 2023, Copeland was registered as a General Securities Representative through an association with LPL Financial LLC (CRD No. 6413).

On January 30, 2023, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that the firm had discharged Copeland on January 18, 2023, because he had “[h]eld positions with outside businesses without notice to, or approval from” the firm, “in violation of [f]irm policy.” On March 28, 2023, LPL filed an amended Form U5 disclosing a customer complaint against Copeland.

Although Copeland is no longer registered or associated with any FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.¹

OVERVIEW

From March 2020 to January 2023, Copeland participated in 74 private securities transactions without providing prior written notice to his firm. Copeland recommended the securities to 27 individuals, most of whom were LPL customers. Collectively, the

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

customers invested nearly \$11 million in 19 securities to fund real estate development projects and investments in other businesses. As a result, Copeland violated FINRA Rules 3280 and 2010.

During the same period, Copeland communicated about securities-related business—including securities offered through LPL and private securities transactions—using channels of communication prohibited by LPL. LPL therefore did not preserve the communications as required by Section 17(a) of the Securities Exchange Act of 1934 and Exchange Act Rule 17a-4(b)(4). By causing LPL to maintain incomplete books and records, Copeland violated FINRA Rules 4511 and 2010.

For this conduct, Copeland is barred from associating with any FINRA member in all capacities.

FACTS AND VIOLATIVE CONDUCT

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

A. Copeland failed to disclose his participation in 74 private securities transactions.

FINRA Rule 3280(b) provides that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person’s proposed role therein.” FINRA Rule 3280(e) defines a “private securities transaction” as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” FINRA Rule 3280(c) states that if an associated person has received or may receive selling compensation, the member firm shall provide written approval or disapproval of the associated person’s participation in the proposed private securities transaction.

A violation of FINRA Rule 3280 also constitutes a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From March 2020 to January 2023, Copeland participated in 74 private securities transactions involving 19 different securities. Eleven of the securities were promissory notes that investors purchased to raise funds for a wholesale flooring company. The other eight were limited liability companies (LLCs) created to invest in various projects, including real estate development, development of a mobile home park, and investment in a high-end furniture retailer. Investors, as non-managing members, were passive participants who purchased limited partnership interests in the LLCs in exchange for a pro rata rate of return.

Copeland participated in the private securities transactions by, among other activities:

- Conducting due diligence on behalf of investors, including by conducting site visits of real property and reviewing operating and subscription agreements;
- Giving feedback and consulting with the offeror regarding the investment return that investors should receive;
- Introducing investors to the offeror;
- Introducing and recommending the investment to potential investors, including LPL customers;
- Acting as an intermediary between the offeror and the investors, including by providing updates to investors and fielding investor questions; and
- Co-managing one of the eight LLCs through a company that Copeland jointly created and co-owned through another entity.

As a result of Copeland's efforts, 27 individuals, 22 of whom were LPL customers, collectively invested nearly \$11 million, and Copeland received at least \$173,000 in compensation, including through management, consulting, and recommendation fees.

At all relevant times, LPL's written supervisory procedures required registered representatives to provide written notice to, and receive written approval from, the firm before engaging in any private securities transactions. LPL's procedures further prohibited registered representatives from directing clients and non-clients to investments that were not approved by LPL. Nonetheless, Copeland did not notify or receive written approval from LPL before participating in the private securities transactions, which were outside the scope of his employment with the firm. Moreover, Copeland falsely attested on annual compliance attestations in 2020, 2021, and 2022 that he did not solicit clients or non-clients for involvement or investment in products that were not approved by LPL.

Therefore, Copeland violated FINRA Rules 3280 and 2010.

B. Copeland communicated about securities-related business, including securities offered through LPL and private securities transactions, using communication channels not approved, captured, or maintained by LPL.

FINRA Rule 4511 requires that each member "make and preserve books and records as required under the FINRA Rules, the Exchange Act and the applicable Exchange Act rules." Section 17(a) of the Exchange Act and Exchange Act Rule 17a-4(b)(4) require member firms to maintain, for a period of not less than three years, 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 member firm to fail to comply with these recordkeeping obligations violates FINRA Rule 4511. A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

At all relevant times, LPL's written supervisory procedures prohibited registered representatives from communicating with customers about securities-related business via unapproved communication channels, such as personal email accounts and text messages.

In 2020, 2021, and 2022, Copeland falsely attested on firm compliance questionnaires that he only used approved and captured communication channels for communications relating to securities-related business.

Nonetheless, from March 2020 to January 2023, Copeland exchanged over 2,250 communications with his LPL colleagues, LPL customers, other investors, and offering company partners using his private email addresses, text messages sent and received through his private mobile phone, and messages sent and received through online platforms. These communications discussed securities-related business, including investments made on LPL's platform and private securities investments outside of LPL. Because these channels of communication were not approved electronic communications channels, LPL did not capture or maintain these communications, as required under the Exchange Act and FINRA Rules.

Therefore, Copeland violated FINRA Rules 4511 and 2010.

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

- 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 sanctions 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 prejudice 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.

March 20, 2025

Date

Derek L Copeland

Derek Lee Copeland
Respondent

Reviewed by:

Paul Monnin

Paul N. Monnin
Counsel for Respondent
Alston & Bird LLP
One Atlantic Center
1201 W. Peachtree Street
Atlanta, GA 30309-3424

Accepted by FINRA:

March 24, 2025

Date

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

Jamie P. Keesing

Jamie P. Keesing
Counsel
FINRA
Department of Enforcement
9509 Key West Avenue
Gira Building
Rockville, MD 20850

Lisa Lightbody
Principal Counsel
FINRA
Department of Enforcement
Brookfield Place, 200 Liberty Street
New York, NY 10281