

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017056104701**

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

**RE: George L. McCaffrey III, Respondent
Former General Securities Representative
CRD No. 847377**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

George L. McCaffrey III ("McCaffrey") was first registered with a FINRA member firm in 1977. He was registered with NTB Financial Corporation ("NTB" or "the Firm") from July 1989 through October 2017 as a general securities representative and agent. McCaffrey's registration with NTB was terminated on October 30, 2017. He has not been registered or associated with a FINRA member firm since that time. Although McCaffrey is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4, of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

In 1977, McCaffrey entered into a settlement with the Commodities Futures Trading Commission wherein he accepted a cease and desist order, a \$2,500 civil penalty, and a 90-day suspension from acting as a commodities representative for violating Section 4c(b) of the Commodities Exchange Act.

OVERVIEW

From January 2016 through August 2017, while registered with NTB, without first providing notice to his Firm, McCaffrey participated in 22 undisclosed private securities transactions in which nine investors, including one firm customer, purchased \$1,775,000 in debt and equity securities. By virtue of his conduct, McCaffrey violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280 prohibits an associated person from participating in any manner in any private securities transaction without providing prior written notice to his or her member firm describing in detail the proposed transaction and the person's proposed role therein and stating whether selling compensation in connection with the transaction has been or may be received.

From January 2016 through August 2017, McCaffrey introduced nine individuals, one a NTB customer, to representatives of a greenhouse building and leasing company so they could invest in the company. He also reviewed and edited documents relating to the investments, forwarded investment-related documents to the customers, and communicated with the customers about their investments. Through 22 transactions, those investors purchased a total of \$1,775,000 in promissory notes of the greenhouse building and leasing company and preferred stock in one of the company's affiliates. In connection with these transactions, the company paid \$124,250 in commissions to an entity controlled by McCaffrey's wife. The transactions were not executed through NTB, and McCaffrey did not give the Firm prior written notice that he would be participating in them. In addition, McCaffrey incorrectly indicated on an NTB annual compliance questionnaire that he had not participated in any private securities transactions.

By virtue of the foregoing, McCaffrey participated in a private securities transaction without notifying his firm, thereby violating FINRA Rules 3280 and 2010.

B. I also consent to the imposition of the following sanctions:

1. An eighteen-month suspension from association with any FINRA member in any capacity;
2. A fine of \$15,000; and
3. Disgorgement of \$124,250 in commissions.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 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.

Disgorgement of commissions received, which is ordered to be paid to FINRA in the amount of \$124,250, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from August 8, 2017 until the date this AWC is accepted by the NAC. Disgorgement 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

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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


I understand 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.


9/7/2018
Date (mm/dd/yyyy)


George L. McCaffrey III, Respondent

Accepted by FINRA:

9/10/2018
Date

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


Robin W. Sardegna
Senior Counsel
FINRA Department of Enforcement
15200 Omega Dr., Third Floor
Rockville, MD 20850
Phone: (301) 258-8576
Fax: (202) 721-6578