

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037390801**

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

**RE: Michael William Hajek III, Respondent
Former Registered Representative
CRD No. 3114385**

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

Michael Hajek ("Hajek") was first associated with a FINRA member firm in August 1998. From November 2003 through June 2013, Hajek was registered with Genworth Financial Securities Corporation ("Genworth") and Cetera Financial Specialists LLC ("Cetera") as a General Securities Representative (Series 7).¹ He resigned from Cetera on June 14, 2013, while the firm was conducting an inquiry regarding his activities relating to self-directed individual retirement accounts ("IRAs") held away from the firm. Hajek was registered with NFP Securities, Inc. ("NFP") from June 2013 through February 2014. NFP permitted him to resign on February 4, 2014, citing a "business decision to discontinue association based on activities conducted by representative outside broker-dealer." Hajek has not been registered or associated with a FINRA member firm since that time. Although Hajek 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.

¹ Cetera acquired Genworth, effective November 1, 2012. Genworth was named Terra Securities Corporation until 2005. Hajek remained with the firm through the name change and the acquisition.

OVERVIEW

While he was registered with Genworth and Cetera, Hajek conducted a certified public accountancy ("CPA") business as an approved outside business activity ("OBA"). From at least June 2010 through June 2013, Hajek exceeded the scope of his firms' approval to conduct his CPA business by assisting customers open and administer self-directed IRAs away from the firms and by recommending and facilitating customers' investments in those accounts, some of which included securities. By virtue of this conduct, Hajek violated NASD Rules 3030² and 3040, and FINRA Rules 3270 and 2010.

Additionally, from June 2006 through February 2014, while he was registered with Genworth and Cetera, and continuing through his registration with NFP, Hajek was involved in numerous undisclosed OBAs, in violation of NASD Rules 3030 and 2110,³ and FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

1. Outside Business Activities

a) CPA Business

From before his association with Genworth (at the time called Terra Securities) in 2003, Hajek operated a CPA business ("H & H") along with his wife. Hajek disclosed H & H to Genworth in 2003, and the firm approved his participation in it. Hajek described his duties in connection with H & H as, "Tax prep, tax planning, business consulting, write-up." In December 2011, Hajek updated his OBA form, describing H & H's business as "CPA Accounting & Tax Prep." He described his duties as "Tax Return Preparation and Planning."

From at least June 2010 to June 2013, through H & H, along with H & H employee JS (also a registered representative at Genworth/Cetera), Hajek assisted customers in opening and administering self-directed IRAs. Fifteen of the 27 H & H customers opening self-directed IRA accounts were also customers of Genworth/Cetera. Between August 2010 and March 2013, eight of Hajek's Genworth/Cetera customers transferred a total of nearly \$1.8 million in cash and assets from their firm accounts to their self-directed IRA accounts. Many of the customers who opened self-directed IRAs held securities in their accounts. Hajek recommended that customers open these IRAs, and he recommended some of the investments they made in them. Additionally, Hajek continued to engage in this business for approximately three months after Cetera directed them to cease in March 2013.

² NASD Rule 3030 was superseded by FINRA Rule 3270, effective December 15, 2010.

³ NASD Rule 2110 was superseded by FINRA Rule 2010, effective December 15, 2008.

Given the descriptions of H & H's business, and his role in that business, that Hajek provided to Genworth, Hajek exceeded the scope of the permission he was given to engage in the business of a CPA firm as an outside business activity.

b) Family Corporation

Hajek managed a family corporation ("KIS") that was incorporated in the State of Florida in August 2010. For the company's entire four-year existence, until it was dissolved in September 2014, Hajek controlled the day-to-day management and operations of KIS, and he maintained its records. KIS shared an address and phone number with H & H, rented space from another entity controlled by Hajek, and it had as its e-mail address Hajek's e-mail address. Hajek controlled the allocation of bills and expenses to the company and sent and received correspondence on its behalf. He was also a signatory on the KIS checking account, and he authorized disbursements from the account and signed numerous checks on behalf of the company.

Hajek was obligated to disclose to Genworth/Cetera and NFP his involvement in KIS, but he failed to do so.

c) Additional Undisclosed OEAs

Between June 2006 and February 2014, Hajek managed and had signing authority on behalf of eight other entities and had signing authority on behalf of three more.

Hajek was obligated to disclose his involvement with these entities to Genworth/Cetera in writing, in accordance with the firms' written supervisory procedures. He failed to do so. Nor did he properly disclose his involvement to NFP upon associating with that firm.

By virtue of the above, Hajek violated NASD Rules 3030 and 2110 for his conduct prior to December 15, 2008. He violated NASD Rule 3030 and FINRA Rule 2010 for his conduct on or after December 15, 2008 and prior to December 15, 2010. He violated FINRA Rules 3270 and 2010 for his conduct on or after December 15, 2010.

2. Private Securities Transactions

Between June 2010 and June 2013, Hajek participated in at least twelve private securities transactions effected in customers' self-directed IRAs totaling more than \$2.3 million. Typically, Hajek developed investment and tax planning strategies and structured transactions for his customers to execute in their accounts. In the case of at least eleven self-directed IRA customers, these strategies involved private securities transactions, including the purchase of shares of privately held corporations, private placements of membership units and other equity investments in, and/or promissory notes issued by nine companies.

The private securities transactions for self-directed IRA customers were done away from Genworth/Cetera. As such, Hajek was required to notify his firm in writing of his participation in them prior to participating in them. He failed to do so.

By virtue of the above, Hajek violated FINRA Rules 3040 and 2010.

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

1. A suspension in all capacities from association with a FINRA member firm for eighteen months; and
2. A fine of \$35,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the eighteen month suspension noted above, 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 sanction(s) imposed in this matter.

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 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:

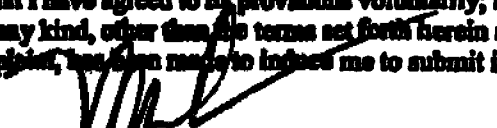
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

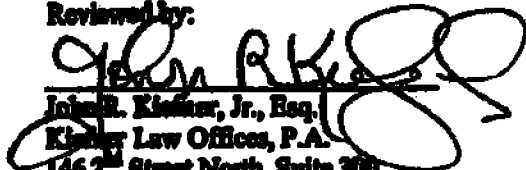
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

1/07/2016
Date (mm/dd/yyyy)



Michael William Hajek III, Respondent

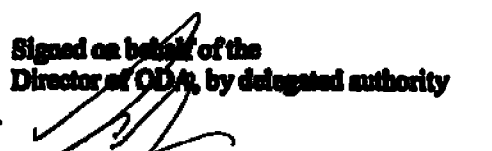
Reviewed by:



John R. Kistner, Jr., Esq.
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Accepted by FINRA:

1/21/16
Date

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


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