

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015047057301**

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

RE: Robert William Schultz, Respondent  
CRD No. 2457055

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**

Robert William Schultz entered the securities industry in January 1994. Over the next 13 years, Schultz was associated with various member firms until he moved to the Cayman Islands to manage a pension fund in August 2007. While abroad, his registrations lapsed. In November 2014, Schultz became associated with Key Investment Services LLC (“KIS”). On September 23, 2015, KIS filed a Form U5 terminating Schultz’s employment. Schultz holds Series 7, 63 and 65 licenses. Schultz is not currently associated with a member firm, but FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA’s By-Laws.

**OVERVIEW**

From late 2014 through September 2015, Respondent Schultz willfully violated FINRA Rules 1122 and 2010, and Article V, Section 2(c) of FINRA’s By-Laws, by failing to disclose on Form U4 (and subsequent amendments) his 2012 theft conviction and resulting incarceration in the Cayman Islands.

## FACTS AND VIOLATIVE CONDUCT

In November 2012, Schultz pled guilty to the theft of approximately \$300,000 from a Cayman Islands pension fund over which he was the sole manager and salaried employee at the time.

In November 2014, after being released from prison and returning to the United States, Schultz became associated with KIS as an investment associate. He filed his initial Form U4 on November 10, 2014.

Section 14 of Form U4 contains a series of questions seeking disclosures regarding past criminal, regulatory, civil, financial and disciplinary matters. Question 14A(1) of Form U4 requires that registered individuals disclose whether they have ever been convicted of, charged with, or pled guilty to a felony in a domestic, foreign or military court.<sup>1</sup> In response to this question, Schultz falsely responded, “No” on his initial Form U4 filing, as well as on his subsequent Form U4 amendments.

FINRA Rule 1122 states that “[n]o . . . person associated with a member shall file with FINRA information with respect to . . . registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof.” Article V, Section 2(c) of the FINRA By-Laws requires an associated person to keep Form U4 updated and accurate. In addition, filing a false or misleading Form U4 violates the “high standards of commercial honor and just and equitable principles of trade” to which FINRA holds its members under FINRA Rule 2010.

By willfully failing to disclose his 2012 criminal theft conviction on his Form U4 filings, Schultz violated Article V, Section 2(c) of FINRA’s By-Laws and FINRA Rules 1122 and 2010.

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

- A bar from associating with a FINRA member firm in any capacity.

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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities

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<sup>1</sup> For the purposes of Form U4, a felony is defined as “an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000.” *See* Form U4 Explanation of Terms (April - Version 2014.1).

Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## 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 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 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.

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.

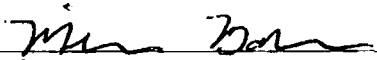
3/28/2016  
Date (mm/dd/yyyy)

Robert William Schultz  
Robert William Schultz

Accepted by FINRA:

4/12/16  
Date

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

  
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Mitka T. Baker  
Principal Counsel  
FINRA Department of Enforcement  
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