

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

NEAL CHARLES MOON, CRD No. 3271716;
AND,
NATALIE E. FOGIEL MOON, CRD No.
5010360,

Respondents.

Disciplinary Proceeding
No. 2015046926801

Hearing Officer CC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: April 4, 2017

INTRODUCTION

Disciplinary Proceeding No. 2015046926801 was filed on July 8, 2016, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Natalie E. Fogiel Moon ("Respondent") submitted an Offer of Settlement (Offer) to Complainant dated March 22, 2017. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint (as amended by the Offer of Settlement), 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, to the entry of findings and violations consistent with the allegations of the Complaint (as amended by the Offer of Settlement), and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Natalie E. Fogiel Moon

1. From July 2005 to October 2005 and from June 2010 to October 2010, Fogiel was associated in a non-registered capacity with two FINRA regulated firms.

2. On June 4, 2013, Fogiel became associated with Waddell as an unregistered office manager and sales assistant to Moon. In that capacity, Fogiel, in the performance of her duties as a sales assistant and office manager, spoke with customers, assisted in the opening of customer accounts, sent mail to customers, conducted research and answered questions concerning 401K distributions, explained different Firm platforms, prepared compliance reports and trade blotters for Moon's review, attended customer meetings, processed customer check requests, received customer checks, opened customer mail and managed customer files.

3. On September 19, 2015, Waddell filed a Non-Registered Fingerprint ("NRF") Amendment disclosing that Fogiel was terminated on September 18, 2015.

4. Although Fogiel is no longer associated with a FINRA member, she remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the date upon

which she ceased to be associated with a FINRA member; and (2) the Complaint charges her with misconduct committed while she was associated with a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

INTRODUCTION

1. From February 2012 to August 2015, Respondent Neal Charles Moon ("Moon") participated in nine private securities transactions and Natalie E. Fogiel Moon ("Fogiel"), his wife, participated in six private securities transactions in which six customers invested a total of \$2.64 million in three different entities.

2. At the time they participated in these private securities transactions, Moon and Fogiel did not provide their firm, Waddell and Reed ("Waddell" or the "Firm"), with prior written notice of their participation in the private securities transactions. By participating in private securities transactions without providing prior written notice to the Firm, Moon and Fogiel violated NASD Rule 3040 and FINRA Rule 2010.

BOXX Technologies

3. BD is a close friend of Moon and Fogiel. BD is the co-founder and a partner of CCP, a private equity firm which invests in lower-middle market companies. In December 2014, Moon had preliminary discussions in person and over the phone with BD about BOXX Technologies, a privately held company that designed and sold computer systems and work stations for skilled professionals such as engineers, financial analysts and researchers. BD told Moon that CCP intended to acquire BOXX Technologies and was seeking investors.

4. In December 2014, CCP provided Moon with a preliminary due diligence package created by TP, a corporate financial advisory firm, concerning the potential acquisition

of BOXX Technologies. Between January and March 2015, Moon had further discussions with BD about the potential acquisition of BOXX Technologies.

5. In March 2015, CCP provided Moon with sales and marketing and due diligence material for the BOXX Technologies acquisition. As per the written material provided to Moon, CCP had entered into a Letter of Intent with BOXX Technologies to purchase 100% of the outstanding stock of the company for \$8.25 million.

6. In April 2015, Moon contacted both customers of the Firm and non-customers and recommended that they invest in the acquisition of BOXX Technologies. In April 2015, CCP requested that Moon collect all funds received from investors in connection with the BOXX Technologies acquisition, and pool them in a single account.

7. On April 24, 2015, Moon and Fogiel formed NMN BOXX Holdings, LLC (“NMN BOXX”), a Texas limited liability company, to pool investor funds received for the BOXX Technologies investment. NMN is a monogram representing “Neal and Natalie Moon”. Fogiel signed the NMN BOXX Holdings, LLC Company Agreement (the “Company Agreement”) as the sole manager and the Company Agreement was effective on April 24, 2015. On the same date, the IRS assigned NMN BOXX an IRS Employer Identification Number (“IRS EIN”).

JB

8. JB is a 72 year-old customer of the Firm.

9. In April 2015, Moon contacted JB by telephone about the opportunity to invest indirectly in BOXX Technologies. In April 2015, Moon recommended the investment in CCP’s acquisition of BOXX Technologies to JB and sent her sales and marketing material and the due diligence package for her review.

10. On May 8, 2015, JB signed the NMN BOXX subscription agreement and agreed to purchase \$450,000 of Class B Preferred membership interest units (12% preference and 10% equity) and \$50,000 Class C Preferred Units (8% preference and 65% equity) of NMN BOXX.

11. On May 8, 2015, JB drafted a \$500,000 check drawn from her Waddell checking account made out to NMN BOXX for the investment. JB sent the subscription agreement and \$500,000 check to NMN BOXX at Moon's and Fogiel's home address.

12. On May 15, 2015, Fogiel, in her role as the designated manager of NMN BOXX, accepted JB's NMN BOXX subscription agreement and fully executed the subscription agreement.

NR

13. NR is a 50 year-old customer of the Firm.

14. In April 2015, Moon contacted NR about the opportunity to invest indirectly in BOXX Technologies. Moon met in person with NR to discuss the investment. In April 2015, Moon recommended the investment in BOXX Technologies to NR and provided her with sales and marketing material and the due diligence package for her review.

15. By May 7, 2015, NR signed the NMN BOXX subscription agreement and agreed to purchase \$250,000 of Class B Preferred NMN BOXX membership interest units (12% preference and 10% equity).

16. NR drafted a \$250,000 check, dated May 7, 2015, drawn from her personal checking account and made payable to NMN BOXX, and provided the check for the NMN BOXX investment to Moon.

17. On May 7, 2015, Fogiel, in her role as the designated manager of NMN BOXX, accepted NR's NMN BOXX subscription agreement and fully executed the subscription agreement.

RM

18. RM is 69 years-old and is the trustee of the MF Trust. The MF Trust has been a customer of the Firm since October 2012.

19. In April 2015, Moon contacted RM by telephone about the opportunity to invest in BOXX Technologies. In April 2015, Moon recommended the indirect investment in BOXX Technologies to RM and sent him the sales and marketing material and the due diligence package for his review.

20. On May 8, 2015, RM drafted a \$500,000 check drawn from his personal checking account made out to NMN BOXX for the investment.

21. On May 10, 2015, RM signed the NMN BOXX subscription agreement and provided NMN BOXX, at Moon's and Fogiel's home address, with a \$500,000 check in order to purchase \$500,000 of Class B Preferred NMN BOXX membership interest units (12% preference and 10% equity). RM purchased the investment as an individual and not on behalf of the MF Trust.

22. On May 14, 2015, Fogiel, in her role as the designated manager of NMN BOXX, accepted RM's NMN BOXX subscription agreement and fully executed the subscription agreement.

NFP and RNT

23. The NFP is a limited partnership incorporated in Texas in December 2012 and was a customer of the Firm during the time of the events in question. JN1 and JN2 are brothers.

JN1 is the registered agent for the NFP and an officer of the limited liability company that serves as NFP's general partner. JN1 and JN2 are listed as account holders on Firm new account forms dated February 20, 2015.

24. In April 2015, Moon met in person with JN1 about the opportunity to invest in BOXX Technologies. In April 2015, Moon contacted JN2 by telephone about the opportunity to invest in BOXX Technologies. In April 2015, Moon recommended the investment in BOXX Technologies to JN1 and JN2 and provided them with the sales and marketing material and the due diligence package for their review.

25. On May 8, 2015, JN1 signed the NMN BOXX subscription agreement as an NFP partner and agreed to purchase \$500,000 of Class B NMN BOXX Preferred membership interest units (12% preference and 10% equity) on behalf of NFP. On that same day, Fogiel, in her role as the designated manager of NMN BOXX, accepted NFP's NMN BOXX subscription agreement and fully executed the subscription agreement.

26. On May 13, 2015, JN1 drafted a check drawn from an account held at another member firm made out to NMN BOXX for the investment on behalf of NFP (\$500,000) and provided it to NMN BOXX at Moon and Fogiel's home address.

27. The RNT is a trust and was a firm customer in Spring 2015.

28. JN1 and JN2 were the co-trustees for the RNT.

29. On May 8, 2015, JN1 executed an NMN BOXX subscription agreement as an RNT trustee and agreed to purchase \$500,000 of Class C Preferred NMN BOXX membership interest units (8% preference and 65% equity). On that same day, Fogiel, in her role as the designated manager of NMN BOXX, accepted JB's NMN BOXX subscription agreement and fully executed the subscription agreement.

30. On May 13, 2015, JN1 drafted a check drawn from an account held at another member firm made out to NMN BOXX for the \$500,000 investment on behalf of the RNT. JN1 sent the executed subscription agreement and check to NMN BOXX at Moon's and Fogiel's home address.

DFLP

31. The DFLP is a partnership managed by AF who is the president. AF is the father of Fogiel and the father-in-law of Moon. The DFLP did not have a customer account at the Firm.

32. In April 2015, Moon contacted AF about the opportunity to invest in BOXX Technologies. Moon met in person with AF to discuss the investment. In April 2015, Moon recommended the investment in BOXX Technologies to AF and provided him the sales and marketing material and the due diligence package for his review.

33. On May 10, 2015, AF signed the NMN BOXX subscription agreement as president of DFLP and agreed to purchase \$50,000 of Class B Preferred Units (12% preference and 10% equity) and \$50,000 of Class C Preferred Units (8% preference and 65% equity) for a total investment of \$100,000 in NMN BOXX.

34. On May 10, 2015, AF drafted a \$100,000 check drawn from a DFLP bank account made out to NMN BOXX for the investment and provided the check to NMN BOXX at Moon's and Fogiel's home address.

35. On May 10, 2015, Fogiel, in her role as the designated manager of NMN BOXX, accepted NFLP's NMN BOXX subscription agreement and fully executed the subscription agreement.

36. The subscription agreements executed by the six investors stated that the membership units were being offered under an exemption from registration as set forth in Regulation D promulgated under the Securities Act of 1933.

Fogiel Processed the Subscription Agreements and Took a Prominent Role in the Acquisition of the BOXX Technologies Shares for the Customers

37. All of the customer's subscription agreements had a Transfer of Membership Addendum (the "Transfer Addendum"). The Transfer Addendum provided that the NMN BOXX units purchased by the six investors would be converted to the equivalent Class B and Class C units of CCP BOXX Investments, LLC ("CCP BOXX"), a Texas limited liability company. NMN BOXX would send the money collected from the six investors to CCP BOXX, which would use the money to fund the purchase of BOXX Technologies. If CCP BOXX did not purchase BOXX Technologies, the money would be returned to the investors.

38. In total, the customers invested \$2,350,000 for the NMN BOXX membership units which would be transferred to equivalent ownership units of CCP BOXX when BOXX Technologies was purchased.

39. On May 13, 2015, Moon and Fogiel opened the NMN BOXX checking account at F Bank to pool customer funds received for the purchase of BOXX Technologies.

40. By May 18, 2015, Moon and Fogiel had collected \$2,350,000 from the investors and deposited the funds into the NMN BOXX checking account.

41. On May 20, 2015, Fogiel wired \$2,350,000 from the NMN BOXX checking account at F bank to the CCP BOXX bank account at C bank.

42. On May 26, 2015, CCP BOXX closed on its acquisition of BOXX Technologies and the signed copies of the NMN BOXX subscription agreements and the Transfer Addendum

were provided to CCP as requested. The investors' shares of NMN BOXX were converted to equivalent CCP BOXX units and were never transferred to any Firm securities accounts.

FIRST CAUSE OF ACTION
Participating in Private Securities Transactions
(NASD Rule 3040)

43. NASD Rule 3040 provided that "prior 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 and stating whether he has received or may receive selling compensation in connection with the transaction"

44. Under Rule 3040, a private securities transaction is "any securities transaction outside the regular course or scope of an associated person's employment with a member," regardless of the representative's receipt of compensation.

45. The six investors' investments in BOXX Technologies constituted securities transactions, and all were effected outside the scope of Fogiel's employment.

46. Fogiel did not provide the Firm with prior written notice of her proposed role in the transactions at issue.

47. By participating in six private securities transactions in NMN BOXX without prior written notice to her firm, Fogiel violated NASD Rule 3040, and as a result thereof violated FINRA Rule 2010.

48. By virtue of the above conduct, Fogiel violated NASD Rule 3040 and FINRA Rule 2010.

Based on the foregoing, Respondent violated NASD Rule 3040 and FINRA Rule 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

- Suspended from association with any FINRA member in any and all capacities for 12 months; and
- Fined \$5,000.

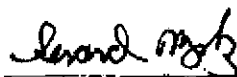
The fine shall be due and payable either immediately upon re-association with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

SO ORDERED.

FINRA

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



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