

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015047168101**

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

RE: Jason H. LeBlanc, Respondent  
General Securities Representative  
CRD No. 2483182

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**

Jason H. LeBlanc (LeBlanc) entered the securities industry in 1993, when he became affiliated with a FINRA member firm. He obtained his general securities representative license (Series 7) in 1994. LeBlanc was associated with Girard Securities, Inc. (Girard) between April 2009 and September 2015. Girard filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on behalf of LeBlanc on September 30, 2015, disclosing that it had terminated LeBlanc's employment as of September 23, 2015. LeBlanc is not currently associated with a FINRA member firm. LeBlanc remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**OVERVIEW**

Between January 2012 and September 2015, LeBlanc failed to disclose several outside business activities to Girard and provided inaccurate information about an outside business activity to the firm, in violation of FINRA Rules 3270 and 2010.

Between January 2012 and September 2015, LeBlanc engaged in private securities transactions without the knowledge or approval of Girard, in violation of NASD Rule 3040 and FINRA Rules 3280 and 2010.

In February 2015, LeBlanc misused customer funds by applying a customer's money to an investment other than the one he represented to her, in violation of FINRA Rules 2150 and 2010.

Between January 2012 and September 2015, LeBlanc misused customer funds by commingling personal and customer funds in various bank accounts, in violation of FINRA Rules 2150 and 2010.

LeBlanc provided incomplete responses to requests for information made pursuant to FINRA Rule 8210, in violation of FINRA Rules 8210 and 2010.

## FACTS AND VIOLATIVE CONDUCT

### Background

In 2012, LeBlanc sold promissory notes totaling \$113,000 to four Girard customers through MS, a limited liability company whose sole owner is LeBlanc's wife. The promissory notes were signed on behalf of MS by LeBlanc's wife. LeBlanc conducts MS's day-to-day business and controls its finances. The money raised was pooled and used for real estate investment. Also in 2012, LeBlanc sold \$80,000 in promissory notes to four Girard customers through another company, DL, a real estate holding company owned by his wife. The promissory notes were again signed by LeBlanc's wife on behalf of DL. LeBlanc conducts DL's day-to-day business and controls its finances, as well. The money raised was also pooled and used for real estate investment.

During the time period of January 2012 through September 2015, LeBlanc also acted as a property manager for at least one Girard customer, collecting rent for the customer's rental property and taking a management fee. At various times, LeBlanc deposited the rent payments into and paid the customer from MS and DL bank accounts that he controlled.

In or around January 2014, LeBlanc made plans to open a coffee shop. In April 2014, LeBlanc established AGC as a limited liability company to conduct the coffee shop's business. HGJH owns 74 percent of AGC. HGJH is also a limited liability company established by LeBlanc in April 2014. HGJH is owned 49.5 percent by LeBlanc's wife, 49.5 percent by the manager of the coffee shop, and one percent by the owner of the building in which the coffee shop is located. LeBlanc had no ownership interest in either HGJH or AGC, but he set up the entities, opened bank accounts for both entities, was authorized to conduct business for them, and, in fact, conducted all the financial dealings for both entities. The coffee shop opened in July 2015, and LeBlanc handled the finances for the business.

Between March 2014 and January 2015, LeBlanc sold partnership interests in AGC to nine individuals, seven of whom were his existing customers at Girard. Four of the Girard customers withdrew funds from their brokerage accounts in order to make the investment. These partnership interests totaled \$131,000.

Between April 2014 and September 2015, LeBlanc also sold 16 promissory notes totaling \$346,218 to 14 individuals, 11 of whom were his existing customers at Girard. At least six of the Girard customers withdrew funds from their brokerage accounts in order to make the investment. The customers were told by LeBlanc that the promissory notes were an investment in the coffee shop.<sup>1</sup> The promissory notes were issued, however, by MS. LeBlanc signed the promissory notes on behalf of MS. According to LeBlanc, the money from the promissory notes was intended to flow from MS to HGJH and then to AGC as a capital contribution from HGJH. The owners of HGJH, however, signed promissory notes for capital contributions to AGC for only \$268,218.

Between December 2012 and September 2015, LeBlanc engaged in a money lending business, entering into 33 promissory notes with individuals for loans totaling \$69,000. The notes were for periods ranging from three to 24 months and required either weekly or monthly payment. The

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<sup>1</sup> As discussed below, customer MG received a promissory note that she believed was for an investment in the coffee shop; however, her money was invested in a different investment.

effective interest rate ranged from approximately 11 percent to 28 percent. While the promissory notes identified LeBlanc as the lender, some of the loans were made with checks drawn on a bank account belonging to MS. None of the individuals to whom LeBlanc loaned money were Girard customers.

### **Undisclosed Outside Business Activities**

FINRA Rule 3270 prohibits a registered representative from engaging in any business activity outside the scope of his or her broker-dealer employment without providing written notice to his or her FINRA-regulated broker-dealer. The rule requires disclosure of all outside business activity, whether or not it is securities-related. A violation of FINRA Rule 3270 is also a violation of FINRA Rule 2010.

In October 2014, LeBlanc signed an independent activity questionnaire for Girard that did not disclose HGJH, MS, DL, or his money lending business. On that form, he disclosed AGC for the first time to Girard (although it had existed since April 2014), describing it as a “coffee house” and himself as 25 percent owner, although he had no ownership interest in AGC. The form asked: “have you ever or do you intend to recommend investments in or the purchase or sale of securities of the entity identified above?” LeBlanc checked “No,” although he had already done so.

LeBlanc never disclosed his involvement in MS, DL, or HGJH to Girard, although he was conducting business for all of them. Additionally, he did not disclose his work as a property manager or that he was running a money lending business. This work was outside the scope of his employment with Girard.

As a result of the foregoing, LeBlanc violated FINRA Rules 3270 and 2010.

### **Private Securities Transactions**

NASD Rule 3040 provides that “[n]o person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule.” A private securities transaction is defined as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” FINRA Rule 3280, which became effective on September 21, 2015, contains similar prohibitions.<sup>2</sup>

Prior to participating in a private securities transaction, an associated person must provide written notice to his or her FINRA-regulated broker-dealer, “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.” A violation of NASD Rule 3040 or FINRA Rule 3280 is also a violation of FINRA Rule 2010.

On multiple occasions, LeBlanc engaged in private securities transactions by:

- selling four promissory notes from MS totaling \$113,000, which were securities; the money was pooled and used for real estate investment;
- selling four promissory notes from DL totaling \$80,000, which were securities; the money was pooled and used for real estate investment;
- selling nine partnership interests in AGC totaling \$131,000, which were securities; the money was pooled and used for, among other things, investment in the coffee shop;

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<sup>2</sup> FINRA Rule 3280 was in effect for only a few days before LeBlanc was discharged from Girard.

- selling 16 promissory notes from MS totaling \$346,218, which were securities; the money was pooled and used for, among other things, investment in the coffee shop.

LeBlanc never informed Girard of any of these private securities transactions, his role therein, or whether he anticipated receiving compensation for the transactions.

As a result of the foregoing, LeBlanc violated NASD Rule 3040 and FINRA Rules 3280 (for conduct on or after September 21, 2015) and 2010.

#### **Improper Use of Customer MG's Funds**

FINRA Rule 2150 provides that no person associated with a member shall make improper use of a customer's securities or funds. An associated person makes improper use of customer funds by failing to apply the customer's funds as directed by the customer. A violation of FINRA Rule 2150 is also a violation of FINRA Rule 2010.

In February 2015, LeBlanc sold a promissory note from MS to customer MG for \$23,000. MG, who was a customer of LeBlanc's at Girard, was led to believe by LeBlanc that she was investing in the coffee shop. Instead, LeBlanc returned \$3,000 to MG and invested the remaining \$20,000 in NLH, a real estate investment company, without informing her of the change of investment.

By failing to apply MG's \$20,000 in the manner she intended, LeBlanc misused customer funds in violation of FINRA Rules 2150 and 2010.

#### **Improper Use of Customer Funds**

Between January 2012 and September 2015, LeBlanc misused customer funds by commingling personal and customer funds in various bank and brokerage accounts. As noted above, most of those who invested in LeBlanc's private securities transactions were also his customers at Girard, and several withdrew money from their Girard brokerage account to invest in LeBlanc's private securities transactions.

During this time period, LeBlanc controlled at least 25 different accounts in his own name or those of MS, DL, AGC, and HGJH. He made personal deposits and withdrawals into corporate accounts and did not maintain accurate accounting for the monies flowing in and out of the various accounts. He frequently commingled funds in order to pay bills for the various entities and his own personal expenses. For example, LeBlanc and his wife made a personal loan to the manager of the coffee shop, but the funds were drawn on an MS bank account; as discussed above, he made personal loans as part of his lending business out of an MS bank account, as well.

As a result of the foregoing, LeBlanc violated FINRA Rules 2150 and 2010.

#### **Incomplete Responses to FINRA Rule 8210 Requests**

FINRA Rule 8210(a)(1) states, in relevant part, that FINRA staff have the right to require "a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . ., with respect to any matter involved in the investigation, complaint, examination, or proceeding." A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010.

In October 2016, LeBlanc gave on-the-record (OTR) testimony in which he, for the first time,

disclosed to FINRA the full extent of his outside business activities and private securities transactions and that he used QuickBooks to maintain records for MS and DL. In December 2016, FINRA staff requested documents and information from LeBlanc pursuant to Rule 8210, including QuickBooks records for MS and DL and bank statements for MS and DL through December 2015.

On December 16, 2016, LeBlanc responded in writing to FINRA that he did not have QuickBooks records for MS or DL. After a subsequent Rule 8210 request from FINRA, LeBlanc eventually provided QuickBooks records for MS on February 15, 2017. He has not, however, provided QuickBooks records for DL. To date, he also has not provided MS bank statements for October, November, and December 2015. LeBlanc did not provide documents to FINRA that were requested pursuant to Rule 8210 after testifying that they were in his possession.

As a result of the foregoing, LeBlanc violated FINRA Rules 8210 and 2010.

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

A bar from association with any FINRA member 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).

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 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.

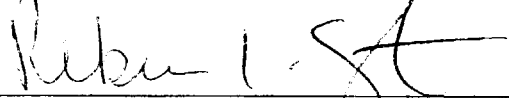
5/18/17  
Date

  
Jason H. LeBlanc, Respondent

June 29, 2017  
Date

Accepted by FINRA:

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



Rebecca L. Segrest, Senior Regional Counsel  
FINRA Department of Enforcement

One Securities Centre, Suite 500

3490 Piedmont Road, N.E.

Atlanta, Georgia 30305

Phone: (404) 239-6122; Fax: (404) 264-1586

E-Mail: [rebecca.segrest@finra.org](mailto:rebecca.segrest@finra.org)

[teresa.reich@finra.org](mailto:teresa.reich@finra.org) (senior paralegal)