

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048022101**

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

RE: Drew Mansfield Johnson, Respondent
CRD No. 2449525

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

Respondent Drew Mansfield Johnson entered the securities industry in January 1994 when he became associated as an investment company products and variable life contracts representative with a FINRA member firm. Thereafter he became associated with various FINRA member firms until becoming registered with Girard Securities, Inc. ("Girard") in February 2010. He remained at Girard until his voluntary termination in April 2012 whereupon he became associated with another FINRA member firm until his voluntary termination on June 29, 2016. Johnson has not re-associated with any FINRA member firm since. However, pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over Johnson.

OVERVIEW

Between February 2011 and April 2011, Johnson participated in private securities transactions involving four customers without providing prior written notice to his member firm. Johnson thereby violated NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

In early 2011, while registered with Girard, Johnson was introduced to an individual who was seeking to raise funds on behalf of a small, privately-held company. At this individual's request, Johnson thereafter facilitated transactions by which four of his Girard customers separately agreed to lend the privately-held company a total of \$125,000 in exchange for promises that they would be repaid with interest and would receive warrants to purchase shares of the company's stock at a specified price within the ensuing five years. Among other things, Johnson arranged and attended meetings in which the investment opportunity was discussed with the customers, asked questions on behalf of his customers about the privately-held company and the details concerning their loans and warrants, and facilitated the paperwork necessary to complete the transactions. Johnson did not provide Girard with prior (or subsequent) written notice of these transactions.

At least two of Johnson's four customers who lent money to the privately-held company were not repaid part or all of their principal, and none exercised their warrants.

NASD Rule 3040, in effect during the relevant period, provided in pertinent part that "[p]rior 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."¹ By failing to provide written notice to his firm before participating in the above-referenced private securities transactions, Johnson violated NASD Rule 3040 and, by virtue of that violation, he also violated FINRA Rule 2010.

- B. I also consent to the imposition of the following sanctions:
1. A six-month suspension from association with a FINRA member firm in any capacity; and
 2. A \$5,000 fine.

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).

¹ NASD Rule 3040 was superseded in September 2015 by FINRA Rule 3280, which is substantively identical for all purposes relevant here.

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.

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. 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 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.
- 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.

07/21/2017
Date (mm/dd/yyyy)


Drew Mansfield Johnson, Respondent

Reviewed by:


Jay Joynet, Esq.
Counsel for Respondent
3247 Humboldt Ave. S,
Minneapolis, MN 55408-3329

Accepted by FINRA:

9/06/17
Date

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



Gauhar R. Naseem, Principal Counsel
FINRA Department of Enforcement
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Rockville, MD 20850