

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

BRANT ANDREW RAY  
(CRD No. 4746637),

Respondent.

DISCIPLINARY PROCEEDING  
No. 2015047096601

**COMPLAINT**

The Department of Enforcement alleges:

**SUMMARY**

1. Respondent Brant Andrew Ray improperly borrowed \$50,000 from a customer in March 2014. Ray thereafter falsely certified in an annual compliance questionnaire that he was in compliance with his firm's prohibition against borrowing from customers. He then provided false information about the customer loan in response to questions raised by FINRA staff pursuant to FINRA Rule 8210.

2. Ray's conduct violated FINRA Rules 3240, 8210, and 2010.

**RESPONDENT AND JURISDICTION**

3. Ray entered the securities industry in 2004 as a registered representative and has since been associated with several firms. As relevant here, he was associated with Commonwealth Financial Network from May 2013 and April 2014 and with Cetera Advisors LLC from April 2014 until his termination in December 2016.

4. Ray held general securities (Series 7), state agent (Series 63), and combined state (Series 66) licenses.

5. Although Ray is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Art. V, Sec. 4 of FINRA's By-Laws, because (1) the Complaint was filed within two years after the effective date of termination of Respondent's registration with a FINRA member, Inc., namely, December 31, 2016, and (2) the Complaint charges him with misconduct committed while he was registered with a FINRA member.

**FIRST CAUSE OF ACTION**  
**UNAUTHORIZED CUSTOMER LOAN**  
(Violation of FINRA Rules 3240 and 2010)

6. The allegations of paragraphs 1-6 are repeated and realleged herein.

7. FINRA Rule 3240(a) prohibits registered representatives from borrowing from customers unless the representative's member firm has written procedures allowing the loan, the loan meets one of five enumerated conditions not applicable here, and the representative notifies the firm about the loan in advance and obtains the firm's prior approval.

8. On March 25, 2014, Ray borrowed \$50,000 from a 70-year-old customer, CT. The terms of the loan were memorialized in a loan agreement that provided for a 1% annual interest rate and repayment in monthly installments of not less than \$9,167.00.

9. At the time of the loan, Ray's firm – Commonwealth Financial Network – prohibited borrowing from customers with certain exceptions not applicable here. This loan met none of the exceptions to FINRA Rule 3240 or to Commonwealth's written procedures.

Moreover, Ray failed to provide his firm with prior written notice of the loan.

10. By virtue of the foregoing, Ray violated FINRA Rules 3240 and 2010.

**SECOND CAUSE OF ACTION**  
**FALSE COMPLIANCE ATTESTATION**  
**(Violation of FINRA Rule 2010)**

11. The allegations of paragraphs 1-11 are repeated and realleged herein.
12. Ray's association with Commonwealth was terminated on April 16, 2014, a few weeks after he took the loan from CT. Ray became associated with Cetera Advisors on April 22, 2014, and CT's account was transferred to Cetera on or about April 28, 2014.
13. Ray paid his first installment on the loan from CT on June 12, 2014.
14. Less than two weeks later, on June 23, 2014, Ray completed a Cetera annual compliance questionnaire. He answered "yes" to the following question: "I am aware [of] and in compliance with the prohibition against ... borrowing money from a customer or prospect."
15. At the time, Cetera's written procedures prohibited borrowing from customers, stating: "With the limited exception of immediate family members, the Firm prohibits Registered Representatives from borrowing or lending money or securities to any ... customer." CT is not a member of Ray's immediate family.
16. By falsely attesting that he was in compliance with Cetera's prohibition on customer loans, Ray engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade, thereby violating FINRA Rule 2010.

**THIRD CAUSE OF ACTION**  
**PROVIDING FALSE INFORMATION AND TESTIMONY TO FINRA**  
**(Violation of FINRA Rules 8210 and 2010)**

17. The allegations of paragraphs 1-17 are repeated and realleged herein.
18. As part of its investigation into Ray's loan from CT, FINRA issued a Rule 8210 Request for Information to Ray in October 2015. Ray wrote the following in his response letter to FINRA, which was dated November 24, 2015:

I spoke to [a manager at Commonwealth] and he said that he had no problem with the loan being made by [CT] because [the manager] and I had already discussed the date I was leaving [the firm] ... In addition, he asked if [CT] regularly made loans and I told him yes.

19. On June 27, 2016, Ray provided testimony pursuant to a FINRA Rule 8210 request. Ray testified that he gave his manager at Commonwealth specific details about the loan.

20. The foregoing response and testimony were false. Ray did not discuss the loan with his manager at Commonwealth and no Commonwealth manager approved the loan.

21. By providing false information and testimony to FINRA in connection with the investigation of his loan from CT, Ray violated FINRA Rules 8210 and 2010.


### **RELIEF REQUESTED**

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondents committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed; and
- C. order that Respondents bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330;

### **FINRA DEPT. OF ENFORCEMENT**

Date: May 30, 2017

  
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