

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140418627 04**

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

RE: Brenton Bataille, Respondent
Registered Representative
CRD No. 2070777

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

Brenton Bataille ("Bataille" or Respondent") first became registered with a FINRA member firm in 1990. He was registered with four firms prior to registering with Spencer Edwards, Inc. ("Spencer Edwards" or the "Firm") in March 1999. He is currently registered with Spencer Edwards as a general securities representative.

RELEVANT DISCIPLINARY HISTORY

Bataille has no disciplinary history.

OVERVIEW

Spencer Edwards conducted an offering of convertible notes (the "notes") of "DOM" (also referred to herein as "the "Issuer") between September 2013 and August 2014 (the "review period"). Bataille sold \$50,000 of the notes.

Bataille's due diligence for the offering was not adequate. He did not adequately verify representations made by the issuer. As a result, Bataille did not have a reasonable basis on which to believe the notes were suitable for any customer.

By virtue of the foregoing, Bataille violated FINRA Rules 2111(a) and 2010.

FACTS AND VIOLATIVE CONDUCT

In the summer of 2013, DOM sought financing to develop a digital signage advertising network in Washington, D.C. It retained Spencer Edwards to undertake a private placement, a \$1 million "best efforts" offering of subordinated convertible promissory notes, with no minimum requirement, that claimed exemption from registration under Rule 506(b) of Regulation D of the Securities Act of 1933. DOM's President signed the investment banking agreement on or about August 20, 2013 and Spencer Edwards' President signed it on September 11, 2013.

Bataille began his review and investigation of DOM in preparation for the offering in early September 2013. Bataille performed very minimal due diligence, however failed to investigate representations made by the Issuer regarding such things as leases and signage sites, and the background of DOM's principals.

The ability to lease signage space in high traffic areas was central to DOM's business model. DOM having secured prime locations for its signs was a selling point communicated by DOM to potential investors.

On or about September 24, 2013, Bataille recommended and sold \$50,000 of the DOM notes to a customer of the Firm, who was an accredited investor. For this investment, Bataille received \$2,200.

FINRA Rule 2111(a) provides in relevant part that a member or associated person must have a reasonable basis to believe that a recommended transaction involving a security or securities is suitable for the customer. The reasonable-basis obligation requires the member or associated person to have a reasonable basis to believe, based on reasonable diligence, that the recommendation is suitable for at least some investors. In general, what constitutes reasonable diligence will vary depending on, among other things, the complexity of and risks associated with the security. In the context of Regulation D Offerings, reasonable diligence includes investigating the issuer, its management, its business prospects, the assets held by or to be acquired by the issuer, the claims being made by the issuer, as well as conducting further inquiry in the face of "red flags."

As described above, Bataille recommended the purchases of the notes without a reasonable basis to conclude they were suitable for any investor. At that time he recommended and sold the notes,

he did not know whether information provided by DOM was accurate. He also recommended and sold the investment while Spencer Edwards' due diligence was ongoing.

By virtue of the foregoing conduct, Bataille violated FINRA Rules 2111(a) and 2010.

- B. I also consent to the imposition of the following sanctions:
- A 10 business day suspension from association with any FINRA member firm in all capacities;
 - A fine of \$5,000; and
 - Disgorgement of commissions received, which is ordered to be paid to FINRA in the amount of \$2,200, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from November 14, 2013 until the date this AWC is accepted by the NAC.

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

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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 waives 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 waives 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.

9/29/2017
Date

Brenton Bataille
Brenton Bataille

Reviewed by:


David A. Zisser
David A. Zisser
Counsel for Respondent
Jones & Keller, P.C.
1999 Broadway, Suite 3150
Denver, Colorado 80202
303-785-1689

Accepted by FINRA:

12/4/17

Date

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



Jeffrey P. Bloom
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