

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041862702**

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

RE: Joseph Lavigne, Respondent
Registered Representative and Registered Principal
CRD No. 1914655

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

Joseph Lavigne ("Lavigne" or Respondent") was first associated with a FINRA member firm in 1988 and first registered as a general securities representative in 1989. He was registered with four firms prior to registering with Spencer Edwards, Inc. ("Spencer Edwards" or the "Firm") in August 2013. He is currently registered with Spencer Edwards as a general securities representative, general securities principal, investment banking limited representative, equities trader and proprietary trading principal. Lavigne was the head of investment banking for Spencer Edwards between August 2013 and September 2014.

RELEVANT DISCIPLINARY HISTORY

Lavigne 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”). Lavigne, individually and with his partner, sold \$163,000 of the notes.

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

Lavigne also distributed issuer prepared sales materials to customers or potential customers that were misleading, omitted certain information that caused them to be misleading, or that failed to provide a fair and balanced presentation of information.

Lavigne, who was responsible for supervising the due diligence on the DOM offering, also failed to adequately supervise the Firm’s due diligence. He failed to ensure that Spencer Edwards adequately investigated information provided by the Issuer.

By virtue of the foregoing, Lavigne violated FINRA Rules 2111(a), 2210(d)(1) and 2010 and NASD Rule 3010(a).

FACTS AND VIOLATIVE CONDUCT

Due Diligence

In the summer of 2013, DOM sought financing to develop a digital signage advertising network in Washington, D.C. Lavigne, who began speaking with representatives of DOM about working on a fund raising effort for the company that summer, brought the deal to Spencer Edwards when he joined the Firm in August 2013.

DOM 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. This offering was to provide bridge capital pending a larger offering contemplated by DOM. DOM’s President signed the investment banking agreement on or about August 20, 2013 and Spencer Edwards’ President signed it on September 11, 2013.

Lavigne had the primary responsibility for supervising the DOM due diligence for the Firm, which began in late August 2013. The due diligence performed did not adequately address the issuer’s financial condition, the reasonableness of its projections, or the background of its principals.

The ability to lease signage space in high traffic areas was central to DOM’s business model. DOM’s claim that it had secured prime locations for its signs was a selling point communicated to potential investors by both the Issuer and Lavigne. Notwithstanding the importance of the

signage space and leases, Lavigne knew that DOM did not have executed leases did little to investigate whether DOM otherwise had commitments for the space, or whether digital signs could be placed in the locations DOM identified.

The opportunity summary used in the offering—a two-page marketing document summarizing DOM's business distributed by Lavigne to potential investors—stated DOM had signage sites "secured by lease agreements." A PowerPoint presentation prepared by DOM distributed by Lavigne said sites were "committed and ready" once funding is complete and "and that DOM had "Protected leases in place and ready to be signed upon funding."

Lavigne did not question anyone associated with DOM about the meaning of the phrases "Protected leases in place" and "Lease Signed" on spreadsheets provided to the Firm by DOM, despite knowing the Issuer had no signed leases. He also did not question the use of the phrase "secured by lease agreements" in materials sent to potential investors despite receiving information from the Issuer that there were no signed leases in place. He did not question the statements about lease commitments, despite having inconsistent information regarding alleged sites and whether such commitments existed.

Although Lavigne and his partner traveled to Washington, DC in October 2013 to conduct due diligence on DOM and spent two days visiting alleged DOM signage sites, while in Washington, Lavigne failed to do anything to confirm that sites visited were secured by DOM in any way. Lavigne did not attempt to contact or speak with any of the alleged DOM lease counterparties about the existence of commitments to lease space to DOM.

Spencer Edwards retained a lawyer in August 2013 to assist with its due diligence on DOM. The lawyer contacted Lavigne on multiple occasions noting documents DOM had failed to provide and pointing out inconsistencies in the information previously provided by DOM.

Lavigne also failed to identify and investigate litigation alleging securities fraud and the existence of liens related to officers and predecessors of DOM which could impact DOM's assets and business.

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."¹

Between January 21, 2014 and August 25, 2014, Lavigne and his partner recommended and sold the notes to ten customers of the Firm. For these investments, Lavigne received \$8,520.

¹ See FINRA Regulatory Notice 10-22 (April 2010) ("Regulation D Offerings").

As described above, Lavigne recommended the purchases of the notes without a reasonable basis to conclude they were suitable. At that time he recommended and sold the notes, he did not know whether information provided by DOM was accurate and did not question anyone associated with DOM about the commitments for sites in the absence of executed leases. He also failed to identify and investigate material information about DOM's officers and predecessors.

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

Communications with the Public

FINRA Rule 2210(d)(1)(A) provides that communications with the public about a security may not "omit any material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading." FINRA Rule 2210(d)(1)(B), in pertinent part, prohibits a member or associated person from distributing any communication which he has reason to know contains any statement which is misleading.

FINRA Rule 2210(d)(1)(D) requires member firms and associated persons to ensure that statements in communications with the public "provide balanced treatment of risks and potential benefits." To be "fair and balanced," the communications must "disclose in a balanced way the risks and rewards of the touted investment." The communications must provide the reader with a basis for evaluating the claims it makes.

Lavigne distributed misleading materials or material that failed to present a balanced statement of the investment's benefits and risks to potential investors. The materials, which were created by DOM, included the PowerPoint presentation, the opportunity summary and the Note Purchase Agreement.

As noted above, the opportunity summary stated DOM had signage sites "secured by lease agreements" and the PowerPoint presentation said sites were "committed and ready" once funding is complete and "and that DOM had "Protected leases in place and ready to be signed upon funding." The opportunity summary also stated that "all lease contracts have at least a 10-year lifespan with most contracts having a minimum of 20 years, and option to renew these leases agreements." These statements were misleading because DOM had no leases in place.

The PowerPoint presentation stated "Over 70 sites committed and ready for digital sign program once funding is complete" and "Protected leases in place and ready to be signed upon funding." These statements were misleading because there were neither 70 committed sites nor protected leases in place. The opportunity summary and the PowerPoint presentation also lacked any discussion of the risks involved in the DOM note investment.

The Note Purchase Agreement contained risk disclosures but failed to mention as a risk DOM's officers' prior securities fraud litigation or judgments and liens which could impact DOM's assets. The misleading statements contained in the DOM materials distributed by Lavigne

regarding leases and the information omitted from those materials regarding litigation, judgments and liens were material to investors.

By virtue of the foregoing conduct, Lavigne violated FINRA Rules 2210(d)(1)(A), (B) and (D) and 2010.

Supervision

NASD Rule 3010(a) requires member firms to “establish and maintain a system to supervise the activities of each registered representative, registered principal, and other associated persons that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable NASD Rules.”

Lavigne was responsible for the supervision of the DOM due diligence. He failed to adequately supervise the due diligence and failed to respond adequately to red flags presented.

Lavigne failed to ensure that the Firm (i) investigate information related to DOM’s claimed commitments to sign locations in documents and other materials provided by the Issuer, (ii) conduct adequate due diligence concerning the background of DOM’s principals Lavigne also failed to ensure there was a documented record of what due diligence was done.

By virtue of the foregoing conduct, Lavigne violated NASD Rule 3010(a) and FINRA Rule 2010.

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

- A 30 day suspension from association with any FINRA member firm in all capacities, followed by a 20 day suspension from association with any FINRA member firm in all principal capacities;
- A fine of \$14,500; and
- Disgorgement of commissions received, which is ordered to be paid to FINRA in the amount of \$8,520, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from September 15, 2014 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.

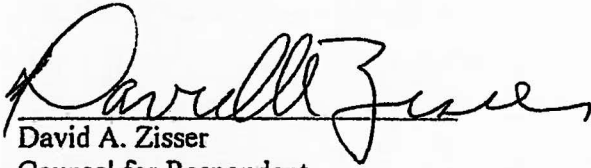
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

Date

10/23/17

Joseph Lavigne

Reviewed by:

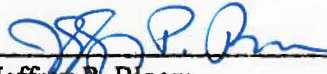


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Accepted by FINRA:

 12/4/17
Date

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



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