

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2016050058801**

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

RE: Brad C. Lawing, Respondent  
CRD No. 4986486

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**

Lawing entered the securities industry in June 2005, and from that time until August 2017 he was registered with FINRA or its predecessor as a general securities representative. He associated with Cambridge Investment Research, Inc. ("Cambridge") (CRD No. 39543) from July 2010 to August 2017. Since August 7, 2017 he has not associated with any member of FINRA, but he remains subject to FINRA's jurisdiction under Article V, Section 4 of FINRA's by-laws.

**RELEVANT DISCIPLINARY HISTORY**

Lawing does not have any relevant history of discipline by FINRA, the Securities and Exchange Commission, or any state securities regulator.

**OVERVIEW**

Lawing recommended shares of a business development company to three customers, but two of them did not satisfy the issuer's suitability standards and the third customer's investment resulted in overconcentration. Lawing also

disclosed nonpublic information ("NPI") about ten other customers to a person who was statutorily disqualified from participating in the brokerage industry. And, Lawing repeatedly communicated about his securities business via text messaging—a means of communication that his firm prohibited and could not supervise. As a result, Lawing violated FINRA Rules 2111 and 2010.

### **FACTS AND VIOLATIVE CONDUCT**

In February 2014, Lawing began working with a group of customers whose previous registered representative, SD, was statutorily disqualified from participating in the brokerage industry due to a felony conviction. Because of SD's status, Cambridge prohibited Lawing from sharing NPI about SD's former customers—for example, information about their account balances and investment strategies—with her. In addition to that policy, Cambridge generally prohibited its registered persons from communicating about securities business using text messages without prior written approval. Lawing understood those policies.

However, between January and November 2014 Lawing disclosed NPI about ten of SD's former customers, including information about their account balances or investment strategies, to her. During that period, Lawing also sent more than one hundred text messages about his securities business to SD, without seeking or receiving Cambridge's prior written approval. By doing so, Lawing prevented Cambridge from supervising those communications, creating a risk of harm to customers.

In December 2014 and January 2015, Lawing recommended shares of a certain business development company—an illiquid and relatively risky security—to three customers. Two of them did not satisfy the issuer's suitability standards, and the third customer's investment resulted in overconcentration. Lawing did not use reasonable diligence to ascertain those customers' financial situation, risk tolerance, and other factors affecting the investment's suitability. In one case, he recommended the shares by mail, without speaking with the customer, and in the other cases he did not collect enough information about the customer's investment profile to show that the security or the concentration was suitable.

By disclosing NPI to SD and by communicating about his securities business by a means that his firm prohibited and could not monitor, Lawing violated FINRA Rule 2010. By recommending the purchase of a security without having a reasonable basis for believing that the investment or the concentration was suitable for three customers, Lawing violated FINRA Rule 2111 and consequently FINRA Rule 2010.

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

- A suspension of five months from associating with any member of FINRA in

- any capacity
- A fine of \$10,000
- Restitution of \$11,754 plus interest, as described below

I understand that if I am 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 suspension (see FINRA Rules 8310 and 8311).

The fine imposed in this matter 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.

The restitution ordered in this matter shall be paid to the customers, and in the amounts, listed on Attachment A to this AWC, in the total amount of \$11,754 plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from June 23, 2017 until the date of payment. Restitution amounts ordered in this matter are due and payable 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. The imposition of a restitution order or any other monetary sanction in this matter, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate any customer listed in Attachment A after reasonable and documented efforts by such time, or within such additional time agreed to by a FINRA staff member in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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

The sanctions imposed in this matter 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

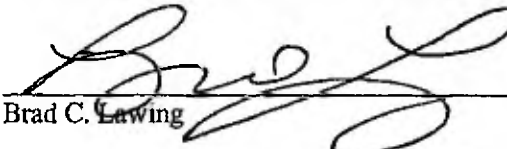
the subject matter thereof in accordance with FINRA Rule 8313; and

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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

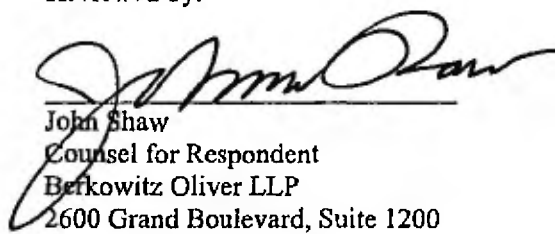
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

10/2/2017  
Date (mm/dd/yyyy)

  
Brad C. Lawing


Reviewed by:

  
John Shaw  
Counsel for Respondent  
Berkowitz Oliver LLP  
2600 Grand Boulevard, Suite 1200  
Kansas City, Missouri 64108  
816-561-7007

Accepted by FINRA:

Nov 7 2017  
Date

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

  
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J. Loyd Mattis III  
Principal Regional Counsel  
FINRA Department of Enforcement  
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Kansas City, Missouri 64105  
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