

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140418627_03**

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

RE: Richard Seefried, Respondent
Registered Representative
CRD No. 1062447

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

Richard Seefried ("Seefried" or Respondent") first became registered with a FINRA member firm in 1984. He was registered with six firms prior to registering with Spencer Edwards, Inc. ("Spencer Edwards" or the "Firm") in August 2013. He was registered with Spencer Edwards as a general securities representative and general securities principal until August 24, 2017. He is not currently registered with a member firm. FINRA retains jurisdiction over Seefried pursuant to Article V, § 4(a) of the By-Laws since the conduct which serves as the basis for this action commenced prior to his termination of registration and it is less than two years after the effective date of his termination of registration from the firm.

RELEVANT DISCIPLINARY HISTORY

Seefried agreed to an Offer of Settlement in March 2010 pursuant to which he was suspended for three months for misconduct that took place in 2005-2006, specifically exercising discretion in a customer's account without written authorization, providing false answers on a compliance questionnaire, making unsuitable recommendations to the customer, and falsifying his firm's

records by submitting a document which purported to contain the customer's signature when he knew the customer had not signed the document.

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"). Seefried sold \$200,000 of the notes.

Seefried'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, Seefried did not have a reasonable basis on which to believe the notes were suitable for any customer.

By virtue of the foregoing, Seefried 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.

Seefried began his review and investigation of DOM in preparation for the offering in the early fall of 2013. Seefried's due diligence did not adequately investigate representations made by the Issuer and failed to investigate discrepancies in materials provided 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

Although Seefried traveled to Washington, DC in June 2014 to conduct due diligence on DOM and visited alleged DOM signage sites, while in Washington, Seefried failed to do anything to confirm that sites visited were secured by DOM in any way. Seefried did not attempt to contact or speak with any of the alleged DOM lease counterparties about the existence of any leases or commitments to lease space to DOM. This was the case even though materials provided by the Issuer contained inconsistencies regarding the existence of leases or commitments to lease signage space.

Seefried also failed to investigate adequately the background of officers of DOM. Among other things, he failed to discover prior litigation alleging securities fraud and the existence of liens that could impact DOM's assets and business.

In late July and early August, 2014, Seefried recommended and sold \$200,000 of the DOM notes to two customers of the Firm, both of which were accredited investors. For these investments, Seefried received \$13,600.

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

As described above, Seefried 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.

By virtue of the foregoing conduct, Seefried violated FINRA Rules 2111(a) and 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;
- A fine of \$10,000; and
- Disgorgement of commissions received, which is ordered to be paid to FINRA in the amount of \$13,600, 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 fine and disgorgement 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.

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

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:

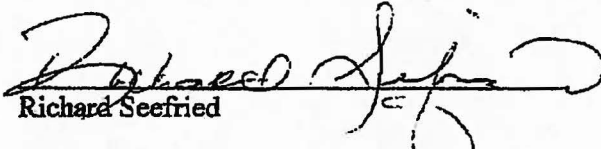
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

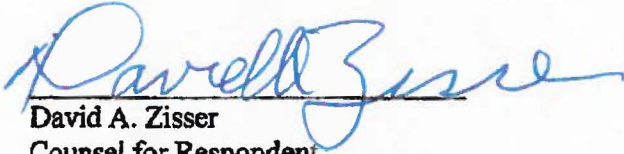
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute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

12/16/17
Date


Richard Seefried

Reviewed by:



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
Senior Special Counsel
FINRA, Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, Maryland 20850-3241
Tel: (301) 258-8564