

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2016047619001**

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

RE: Michael Anthony McGregor, Respondent  
General Securities Representative  
CRD No. 2778819

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Michael Anthony McGregor, 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**

McGregor first became registered with FINRA as a General Securities Representative ("GSR") in 1997. From July 2014 through February 2016, McGregor was registered as a GSR through former FINRA member firm BlackBook Capital, LLC ("BlackBook"). McGregor was most recently registered with a FINRA member firm between March 2016 and December 2017.

McGregor is not currently registered or associated with a member firm, but is subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

In March 2015, FINRA issued a Letter of Acceptance, Waiver and Consent, through which McGregor consented to the entry of findings that he failed to timely disclose certain judgments and liens. McGregor was suspended for 45 days in all capacities and fined \$5,000.

## OVERVIEW

Between August 2014 and May 2015 (the “Relevant Period”), McGregor engaged in quantitatively unsuitable trading in two accounts of customer WC in violation of FINRA Rules 2111 and 2010.

## FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111(a) provides in pertinent part that “[a] member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer’s investment profile.” As explained in the Supplementary Material found at Rule 2111.05(c):

Quantitative suitability requires a member or associated person who has actual or de facto control over a customer account to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer’s investment profile, as delineated in Rule 2111(a). No single test defines excessive activity, but factors such as the turnover rate, the cost-to-equity ratio, and the use of in-and-out trading in a customer’s account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation.

During the Relevant Period, McGregor engaged in quantitatively unsuitable trading in two accounts of customer WC. Customer WC, who is now retired, had limited investment experience and conservative investment objectives. McGregor recommended the trading for WC’s two accounts. WC followed such recommendations and did not propose any trades of his own. Accordingly, McGregor had de facto control over WC’s two accounts. This trading resulted in annualized turnover rates in the two accounts of 7 and 9, respectively, and annualized cost-to-equity ratios of 25% and 32%, respectively. During this period, these accounts sustained a collective loss of \$14,266.

By virtue of the foregoing, McGregor violated FINRA Rules 2111 and 2010.

- B. I also consent to the imposition of the following sanctions:
- A four-month suspension in all capacities from association with any FINRA member firm;

- a \$5,000 fine; and
- an order to pay restitution to WC in the total amount of \$14,266 plus interest.

I agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are 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 sanctions imposed in this matter.

Restitution is ordered to be paid to customer WC in the total amount of \$14,266, 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 August 4, 2014 until the date this AWC is accepted by the NAC.

McGregor shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Matthew Minerva, FINRA Department of Enforcement, Brookfield Place, 200 Liberty Street, New York, New York 10281, either by letter that identifies McGregor and AWC No. 20160476190 and includes a copy of the check, money order or other method of payment or by e-mail, with pdf copies of the payment documentation, to EnforcementNotice@FINRA.org and matthew.minerva@finra.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason McGregor cannot locate customer WC after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, McGregor 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. McGregor shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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

The sanctions imposed herein 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: (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.

1/25/18

Date (mm/dd/yyyy)

  
Respondent Michael Anthony McGregor

Reviewed by:



Warren A. Raiti, Esq.  
Counsel for Respondent  
99 Hudson St., 5<sup>th</sup> Floor  
New York, New York 10013

Accepted by FINRA:

March 14, 2018

Date

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



Matthew Minerva  
Senior Regional Counsel  
FINRA Department of Enforcement  
Brookfield Place  
200 Liberty Street  
New York, New York 10281  
(212) 416-1756