

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2020066651001**

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

RE: Nicholas R. Palumbo (Respondent)  
Former Investment Company and Variable Contracts Products Representative  
CRD No. 1069948

Pursuant to FINRA Rule 9216, Respondent Nicholas R. Palumbo submits 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 Respondent alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, 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**

Palumbo first registered with FINRA in 1987 as an Investment Company and Variable Contracts Products Representative (IR) through an association with a member firm. In May 1999, Palumbo registered with FINRA as an IR through Park Avenue Securities LLC. On May 13, 2020, Park Avenue Securities filed a Form U5 disclosing that the firm permitted Palumbo to resign “while under investigation for failure to disclose an unapproved private securities transaction and soliciting clients to invest in same.”

Although Palumbo is not currently registered with FINRA or associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA’s By-Laws.<sup>1</sup>

**OVERVIEW**

Palumbo failed to provide documents and information requested by FINRA pursuant to FINRA Rule 8210. Palumbo thereby violated FINRA Rules 8210 and 2010.

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from the Form U5 filed by Park Avenue Securities in connection with Palumbo's resignation.

FINRA Rule 8210(a)(1) states, in relevant part, that FINRA has the right to "require a member, person associated with a member, or any other person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in the investigation, complaint, examination or proceeding." FINRA Rule 8210(c) states that "[n]o member or person shall fail to provide information or testimony or to permit inspection and copying of books, records, or accounts pursuant to this Rule." A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires FINRA members to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

On April 27, 2021, FINRA sent a request to Palumbo for the production of information and documents pursuant to FINRA Rule 8210. The request sought documents and information about the alleged private securities transaction referenced in Park Avenue Securities's Form U5 filing. FINRA also requested documents and information in order to investigate Palumbo's potential involvement with outside business activities. Palumbo's response was due on or before May 18, 2021. As stated in his counsel's email to FINRA on April 27, 2021, and by this agreement, Palumbo acknowledges that he received FINRA's request and will not produce the information and documents requested. By refusing to produce information and documents as requested pursuant to FINRA Rule 8210, Palumbo violated FINRA Rules 8210 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A bar from associating with any FINRA member in all capacities.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;
- 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, Respondent 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 its acceptance or rejection.

Respondent 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**


Respondent understands 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 Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  - 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 its subject matter in accordance with FINRA Rule 8313; and
4. Respondent 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. Respondent 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

5/24/21  
Date

  
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Nicholas R. Palumbo  
Respondent

Reviewed by:

  
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Accepted by FINRA:

JUNE 2, 2021  
Date

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

Jamie Stinson / sb

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