

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073675001**

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

RE: David Karandos (Respondent)
Former General Securities Representative
CRD No. 1934119

Pursuant to FINRA Rule 9216, Respondent David Karandos 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Karandos first registered with FINRA in 1989. From September 2013 to November 2019, Karandos was registered as a General Securities Representative through an association with Dinosaur Financial Group, L.L.C. (CRD No. 104446).

On November 13, 2019, Dinosaur Financial Group filed an initial Uniform Termination Notice for Securities Industry Registration (Form U5) terminating Karandos's registration. On December 1, 2020, Dinosaur Financial Group filed an amended Form U5 for Karandos disclosing, for the first time, a customer complaint alleging that Karandos, while he was registered through Dinosaur Financial Group, made unsuitable recommendations and improperly withdrew funds from customer accounts.

Karandos is not currently registered or associated with any FINRA member firm. However, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

In 2012, the Indiana Securities Division suspended Karandos for 75 days and ordered him to pay \$50,000 in disgorgement based on findings including that he "recommend[ed] the purchase of investments that were unsuitable" for his clients. In 2013, the State of

Michigan summarily denied Karandos's application to conduct securities business in that state because of, among other reasons, his disciplinary history.¹

OVERVIEW

Karandos refused to appear for testimony requested pursuant to FINRA Rule 8210. As a result, he violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) requires a "person associated with a member, or any other person subject to FINRA's jurisdiction ... to testify at a location specified by FINRA staff ... with respect to any matter involved in [a FINRA] investigation." FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information or testimony ... pursuant to this Rule." A violation of FINRA Rule 8210 is also a violation of FINRA Rule 2010, which requires associated persons to "observe high standards or commercial honor and just and equitable principles of trade" in the conduct of their business.

On June 13, 2022, FINRA sent a request to Karandos for on-the-record testimony pursuant to FINRA Rule 8210. As stated during his phone call with FINRA on June 24, 2022, and by this agreement, Respondent acknowledges that he received FINRA's request and will not appear for on-the-record testimony at any time. By refusing to appear for on-the-record testimony as requested pursuant to FINRA Rule 8210, Respondent 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 in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

¹ For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

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 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 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. Respondent has agreed to the AWC's provisions voluntarily; and 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.

June 30, 2022

Date

David Karandos

David Karandos

Respondent

Accepted by FINRA:

July 7, 2022

Date

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

Karen C. Daly

Karen C. Daly
Principal Counsel
FINRA
Department of Enforcement
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