

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022075871401**

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

RE: Ching Yuan “Gary” Chang (Respondent)  
Former General Securities Representative  
CRD No. 2922898

Pursuant to FINRA Rule 9216, Respondent Ching Yuan “Gary” Chang 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**

Between August 1997 and January 2016, Chang was registered as a General Securities Representative (GSR) through associations with six different FINRA members. From February 2000 through August 2004, he was also registered as a General Securities Principal (GP) through associations with three of those FINRA members. In February 2016, Chang became registered as a GSR through an association with Morgan Stanley, a FINRA member. On August 9, 2022, Morgan Stanley filed a Form U5 disclosing that it had discharged Chang for “[c]oncerns regarding representative’s misappropriation of funds from client accounts.” Although Chang is no longer registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.<sup>1</sup>

**OVERVIEW**

In November 2022, Chang violated FINRA Rules 8210 and 2010 by refusing to appear for and provide on-the-record testimony requested pursuant to FINRA Rule 8210.

**FACTS AND VIOLATIVE CONDUCT**

FINRA opened this investigation based upon the allegations in the Form U5 filed by Morgan Stanley for Chang on August 9, 2022.

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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).

FINRA Rule 8210(a)(1) provides that, for the purpose of an investigation, FINRA staff may “require a . . . person associated with a member . . . to provide information orally, in writing, or electronically . . . and to testify at a location specified by FINRA staff . . . with respect to any matter involved in the 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 of commercial honor and just and equitable principles of trade in the conduct of their business.

On November 21, 2022, in connection with its investigation of the allegations in Chang’s Form U5, FINRA staff sent a letter to Chang requesting, pursuant to FINRA Rule 8210, that he appear for and provide on-the-record testimony on November 28, 2022. In response, Chang’s counsel sent FINRA staff an email on November 22, 2022 stating that Chang did not intend to participate in FINRA’s investigation at any time. Chang did not appear for testimony as requested on November 28, 2022. As stated in his counsel’s email to FINRA dated November 22, 2022, and by this agreement, Chang acknowledges that he received FINRA’s request and will not appear for on-the-record testimony at any time.

By refusing to appear for and provide on-the-record testimony as requested pursuant to FINRA Rule 8210, Chang 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.

### **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 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 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.

12/14/2022  
Date

Ching Yuan Chang  
Ching Yuan "Gary" Chang  
Respondent

Reviewed by:

Daniel Olmos

Daniel Olmos  
Counsel for Respondent  
Nolan Barton & Olmos, LLP  
600 University Ave.  
Palo Alto, CA 94301

Accepted by FINRA:

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

December 19, 2022

Date

*Mitka Baker*

Mitka Baker

Senior Counsel

FINRA

Department of Enforcement

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