

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022073846901**

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

RE: John Nicholas Terzis (Respondent)
Former General Securities Representative and General Securities Principal
CRD No. 1805020

Pursuant to FINRA Rule 9216, Respondent John Nicholas Terzis 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

Terzis first registered with FINRA in 1988. Terzis became registered as a General Securities Representative and General Securities Principal through an association with LPL Financial LLC in 2008. LPL terminated Terzis's registration by Form U5 dated March 11, 2022, disclosing that Terzis had been discharged for "[f]ail[ing] to timely disclose loan arrangement with [a customer of the firm]."

Although Terzis is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.¹

OVERVIEW

In December 2019, Terzis borrowed \$200,000 from one of his customers without first notifying or obtaining approval from his member firm. Therefore, Terzis violated FINRA Rule 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a Form U4 amendment, which disclosed that the customer complained about Terzis to the firm.

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

FINRA Rule 3240 prohibits registered persons from borrowing money from their customers unless: (1) the registered person's member firm has written procedures permitting borrowing from customers; and (2) the borrowing arrangement meets at least one of five circumstances specified in the rule. Even if these requirements are satisfied, the registered representative must seek and obtain prior written approval of the loan from the member firm, except that the firm's procedures may provide otherwise where the customer is a lending-related business, under certain circumstances, or a member of the representative's immediate family. A violation of FINRA Rule 3240 is also a violation of FINRA Rule 2010, which requires member firms and their associated persons in the conduct of their business to "observe high standards of commercial honor and just and equitable principles of trade."

LPL's written supervisory procedures prohibited its registered representatives from borrowing money from others, with exceptions "made only in limited circumstances ... pursuant to FINRA regulation."

In December 2019, pursuant to a ten-year written promissory note, Terzis borrowed \$200,000 from one of his customers, a 69-year-old senior, who had health issues. To facilitate the borrowing, Terzis assisted the customer with transferring funds to her personal bank account. Between February 2020 and December 2021, Terzis made monthly payments on the loan, but ceased making payments thereafter. Given his financial circumstances at the time he borrowed the money, Terzis did not have a reasonable expectation of being able to repay the loan in full.

Terzis did not provide notice to or obtain approval from LPL prior to borrowing the money. In addition, in October 2020, Terzis falsely stated in response to a firm compliance questionnaire that he had not issued or participated in any promissory notes outside of LPL, and had not solicited clients to lend funds.

Therefore, Terzis violated FINRA Rules 3240 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 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.

December 13, 2022

Date

John Nicholas Terzis

John Nicholas Terzis
Respondent

Accepted by FINRA:

December 23, 2022

Date

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

Christopher Conroy

Christopher Conroy
Counsel
FINRA
Department of Enforcement
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New York, NY 10281