

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021071861301**

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

RE: Eric J. Stone (Respondent)
Former General Securities Representative
CRD No. 5227654

Pursuant to FINRA Rule 9216, Respondent Eric J. Stone 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

Stone first registered with FINRA as a General Securities Representative through Fidelity Brokerage Services LLC (Fidelity) in 2008. Fidelity terminated Stone's registration by Form U5 dated June 29, 2021, disclosing that Stone had been discharged because of "[c]oncerns related to loans employee solicited and obtained from clients."

Although Stone 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

Between December 2021 and February 2023, Stone failed to make a complete production of information and documents requested pursuant to FINRA Rule 8210 and failed to appear for on-the-record testimony requested pursuant to FINRA Rule 8210. As a result, Stone violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from the Form U5 referenced above.

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

FINRA Rule 8210(a) states, in relevant part, that FINRA may “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 . . . and to testify at a location specified by FINRA staff . . . with respect to any matter involved in [a FINRA] investigation [or] examination” FINRA Rule 8210(c) further states that “[n]o member or person shall fail to provide information or testimony or to permit an 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 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.”

On December 16, 2021, in connection with its investigation, FINRA staff sent a request to Stone for the production of information and documents pursuant to FINRA Rule 8210 (the “December Request”). Stone did not respond by the due date of January 7, 2022, but on February 21, 2022 belatedly provided a statement that included some of the information sought by the December Request. On November 21, 2022, FINRA staff sent Stone a second request pursuant to FINRA Rule 8210 seeking the production of the outstanding information and documents originally called for by the December Request. Although Stone provided additional information, he failed to provide substantially all of the information or any of the documents sought in the December Request by the due date of December 5, 2022, and those materials remain outstanding.

On January 3, 2023, FINRA staff sent a letter to Stone pursuant to FINRA Rule 8210 requesting that Stone appear for on-the-record testimony on January 18, 2023. Stone failed to appear for the noticed testimony. On January 19, 2023, FINRA staff sent Stone a second request pursuant to FINRA Rule 8210 for on-the-record testimony on January 26, 2023. At Stone’s request, FINRA adjourned the on-the-record testimony to February 2, 2023. Stone failed to appear for the noticed testimony on that date.

By failing to make a complete production of documents and by failing to appear for on-the-record testimony, as requested pursuant to FINRA Rule 8210, Stone 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 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.

February 23, 2023

Date

Eric J. Stone

Eric J. Stone
Respondent

Accepted by FINRA:

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

March 2, 2023

Date

Nicholas Pilgrim

Nicholas Pilgrim
Counsel
FINRA
Department of Enforcement
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