

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046951301**

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

RE: John Paul Corsi, Respondent
CRD No. 1268728

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, 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

John Paul Corsi ("Corsi") has held securities registrations with seven broker dealers since January 1991. He became registered with WRP Investments, Inc. ("WRP" or "the Firm") in July 2004. Sterne Agee Financial Services, Inc. took over WRP in September 2014. During this time period, Corsi was registered as a General Securities Representative and a General Securities Principal. Corsi is not currently registered with a FINRA member, but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Corsi has no relevant disciplinary history.

OVERVIEW

From November 2009 through August 2013, Corsi engaged in an outside business activity ("OBA") without first providing written notice to WRP in violation of NASD Rule 3030 and FINRA Rules 3270 and 2010.¹

At various times from November 2009 until August 2013, Corsi participated in private sales of \$1,790,041 worth of securities issued by his OBA. He did not notify WRP of, or obtain its approval to participate in, any of the private security sales. He therefore violated NASD Rule 3040 and FINRA Rule 2010.

Additionally, with respect to three of Corsi's WRP customers, he recommended the customers invest a significant portion of their stated net-worth in the securities issued by his OBA, which contained a heightened risk. These recommendations were unsuitable, and therefore, Corsi violated NASD Rule 2310 and FINRA Rules 2111 and 2010.²

FACTS AND VIOLATIVE CONDUCT

1. Undisclosed OBA

While registered at WRP, from November 2009 through August 2013, Corsi maintained outside employment with Argent of Nevada, a judgment collection firm ("Argent"). Though Corsi disclosed his OBA to the firm, he only described his position as Manager of Sales and Customer Service, and failed to disclose his role in fundraising for the company. Corsi was obligated to disclose the complete nature and scope of his involvement with this entity to WRP in writing, in accordance with the firms' written supervisory procedures. He failed to do so.

By virtue of the above, Corsi violated NASD Rule 3030 and FINRA Rule 2010 for his conduct on or after November 20, 2009 and prior to December 15, 2010. He violated FINRA Rules 3270 and 2010 for his conduct on or after December 15, 2010.

2. Private Securities Transactions

Corsi also failed to disclose the existence of Argent promissory notes that he was recommending to WRP customers, for compensation. Between November 2009 and August 2013, Corsi solicited at least 15 of his WRP customers to invest in these unapproved promissory notes issued by Argent.

The Argent promissory notes are securities. All promissory notes are presumed to be securities unless it is shown that the note bears a strong resemblance to a category of non-securities notes such as consumer financing notes, notes secured

¹ FINRA Rule 3270 became effective on December 15, 2010 and replaced NASD Rule 3030.

² FINRA Rule 2111 became effective on July 9, 2012, and replaced NASD Rule 2310.

by mortgages on homes, and commercial loans.³ The purpose of the Argent notes was to raise capital for Argent, and investors were attracted to invest in them based on the favorable rate of interest promised by Argent. Also, notes were being sold to numerous individual purchasers, and the purchasers, including WRP customers, reasonably considered they were making an investment when they purchased an Argent note.

During this period, a total of \$1,790,041 was invested in Argent notes by Corsi's WRP customers. Corsi typically was paid a fee of 5% for each investment. Corsi failed to notify WRP, in writing, of his participation in transactions involving Argent notes, prior to recommending the notes to members of the public. On three occasions between November 2011 and November 2013, Corsi affirmed to WRP that he was not participating in any private securities transactions.

By virtue of the above, Corsi violated FINRA Rules 3040 and 2010.

3. Unsuitable Recommendations

Beginning in November 2009, Corsi began recommending the Argent promissory notes to customers of WRP. With respect to three customers, Corsi recommended they each invest a significant portion of their overall stated net worth in the Argent notes. Corsi recommended that each of these customers invest at least 20% or greater of their stated net worth in the Argent notes. Each of these customers' investment objectives were (1) tax-deferred growth, and (2) capital appreciation. The Argent notes carried a significant amount of risk as evidenced by the high rates of interest (10% to 18%), and did not meet the customers' investment objectives.

In recommending that each of these customers acquire a large position in Argent notes, Corsi lacked a basis for believing that such recommendation was suitable for them.

Based on the above, Corsi violated NASD Rule 2310, FINRA Rule 2111 and NASD Rule 2010, by recommending unsuitable investments to three customers, which transactions resulted in excessive concentrations in Argent notes in each of their accounts.

- B. I also consent to the imposition of the following sanctions:
1. A suspension in all capacities from association with a FINRA member firm for twenty months; and
 2. A fine of \$20,000.

³ See *Reves v. Ernst & Young*, 494 U.S. 56, at 62-65 (1990), *aff'd*, 507 U.S. 170 (1993).

The fine shall be due and payable either immediately upon reassociation with a member firm following the twenty month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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

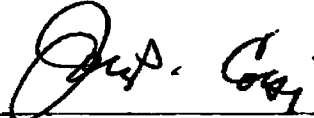
I understand that:

- 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 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 the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

12/28/16

Date (mm/dd/yyyy)



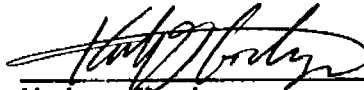
John Paul Corsi

Accepted by FINRA:

1/3/2016

Date (mm/dd/yyyy)

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



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