

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015044509301**

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

RE: Mark Schklar (CRD No. 1952816), Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Mark Schklar, 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**

Schklar first became registered with FINRA in 1991. From November 2012 to January 2015, Schklar was registered with FINRA as a General Securities Representative through BB&T Securities, LLC (CRD No. 142785) ("BB&T")

Schklar is not currently registered with FINRA, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

Schklar has no relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization, or any state securities regulator

**OVERVIEW**

From February 2013 through January 2015, Schklar participated in private securities transactions by recommending and facilitating the sale of shares in a company that manufactured equipment used to grow marijuana (the "Company")

without providing prior notice to his employer firm. This conduct violated NASD Rule 3040 and FINRA Rule 2010.

Also, in February 2014, Schklar loaned \$80,000 to a customer without notifying, or obtaining approval from, his employer firm. This conduct violated FINRA Rules 3240 and 2010.

### FACTS AND VIOLATIVE CONDUCT

#### *Private Securities Transactions*

NASD Rule 3040 prohibits any person associated with a member firm from "participat[ing] in any manner in a private securities transaction," unless, prior to participating in the transaction, the associated person provides "written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." A private securities transaction is defined by the rule as "any securities transaction outside the regular course or scope of an associated person's employment with a member."

From February 2013 through January 2015, Schklar participated in private securities transactions by recommending and facilitating the sale of shares in the Company without providing prior written notice to or obtaining prior written approval from BB&T. Schklar ultimately facilitated the sale of 8,000,000 shares of the Company to four investors for total proceeds of \$285,250.

As a result of the foregoing, Schklar violated NASD Rule 3040 and FINRA Rule 2010.

#### *Loan to Customer*

FINRA Rule 3240(a) states that a registered representative may not engage in a borrowing or lending transaction with any customer unless his member firm has written procedures that allow for such transactions and the lending arrangement meets certain other conditions. FINRA Rule 3240(b) generally requires representatives to notify their member firms and obtain written pre-approval of their lending arrangements.

In February 2014, Schklar lent \$80,000 to a BB&T customer, LS. BB&T's policies and procedures prohibited registered representatives from lending money to firm customers except under narrow circumstances not present here. Schklar also never sought permission from BB&T to lend money to LS and BB&T never granted such permission. When he completed his 2014 annual compliance questionnaire, Schklar answered "no" to the question asking whether he had borrowed or lent money to a customer.

As a result of the foregoing, Schklar violated FINRA Rules 3240 and 2010.

B. I also consent to the imposition of the following sanctions:

- A suspension for eight months from associating with any FINRA member firm in any capacity; and
- A fine in the amount of \$10,000.

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 fine shall be due and payable either immediately upon reassociation with a member firm, 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 imposed in this matter.

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.

1-03-17  
Date (mm/dd/yyyy)

Mark Schlar  
Respondent Mark Schlar

Reviewed by:




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Robert M. Bursky, Esq.  
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Accepted by FINRA.

3/8/12  
Date

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



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