

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019061982001**

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

RE: Sean Daniel McDevitt, Respondent
General Securities Representative
CRD No. 2786216

Pursuant to FINRA Rule 9216, Respondent Sean Daniel McDevitt 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 hereby accepts and consents, 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

McDevitt first registered with FINRA in 1996 as a General Securities Representative of FINRA member. Thereafter, McDevitt left and returned to the securities industry on several occasions and associated with multiple FINRA members. In June 2015, McDevitt associated with WoodRock Securities L.P. (Woodrock). He registered as a General Securities Representative through his association with Woodrock in November 2015. On December 1, 2016, Woodrock filed a Uniform Termination Notice for Securities Industry Registration (Form U5) terminating McDevitt's association with the firm and his registration with FINRA. In July 2018, McDevitt associated with another FINRA member and registered as a General Securities Representative through that association in May 2019. He remained at that member firm until it filed a Form U5 dated January 22, 2021, thereby terminating his FINRA registration. Although McDevitt is not currently registered or associated with a FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

OVERVIEW

From August 20, 2015 through June 9, 2016, McDevitt engaged in four private securities transactions which were not disclosed nor approved in writing in the total amount of

\$600,000. McDevitt's conduct violated NASD Rule 3040 and FINRA Rules 3280¹ and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280, and its predecessor NASD Rule 3040, generally define a private securities transaction as any securities transaction outside the regular scope of an associated person's employment with a member. FINRA Rule 3280(b) and NASD 3040(b) both state that "[p]rior to participating in any private securities transaction, an associated person shall provide 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 violation of FINRA Rule 3280 or NASD Rule 3040 is also a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From August 20, 2015 through June 9, 2016, McDevitt solicited investors to purchase promissory notes in SENSEI, LLC, a software platform company for which McDevitt served as chairman and CEO. McDevitt solicited four investors who purchased promissory notes on August 20, 2015, January 8, 2016, February 26, 2016, and June 9, 2016 for a total amount of \$600,000. The investors were not customers of Woodrock. McDevitt signed the promissory notes on behalf of SENSEI, LLC. The promissory notes were securities and, in fact, stated on the document that they were securities.

Woodrock prohibited its registered representatives from participating in private securities transactions without providing written notice to the firm. McDevitt did not provide written notice to Woodrock prior to participating in the promissory note securities transactions involving SENSEI. Respondent's failure is aggravated by the fact that he did not disclose he was engaged in private securities transactions on three attestations he provided to Woodrock.

Therefore, Respondent violated NASD Rule 3040 and FINRA Rules 3280 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a six-month suspension from associating with any FINRA member in any capacity and
- a \$10,000 fine.

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.

¹ FINRA Rule 3280 superseded NASD Rule 3040 on September 21, 2015.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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.

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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

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.

11 Feb 2021

Date



Sean Daniel McDevitt

Respondent

Reviewed by:



Dianna D. McCarthy

Counsel for Respondent

Winget, Spadafora & Schwartzberg, LLP

45 Broadway, 32nd Floor

New York, NY 10006

Accepted by FINRA:

Signed on behalf of the

Director of ODA, by delegated authority

February 25, 2020

Date



Albert Anthony Starkus III

Senior Counsel

FINRA

Department of Enforcement

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