

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019063245602**

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

RE: James Patrick Norris (Respondent)
General Securities Representative
CRD No. 1218218

Pursuant to FINRA Rule 9216, Respondent James Patrick Norris 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

Norris first registered with FINRA in 1984. Since July 2011, Norris has been registered with FINRA as a General Securities Representative, among other capacities, through an association with Cambridge Investment Research, Inc. (CRD No. 39543).¹

OVERVIEW

Between December 2015 and November 2018, Norris made two private mortgage loans to two of his Cambridge Investment Research customers, without seeking or obtaining prior written approval from the firm. Norris thereby violated FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240 prohibits registered persons from borrowing money from or lending money to their customers unless: (1) their member firm has written procedures that permit the borrowing and lending of money between registered representatives and customers; and (2) the borrowing or lending 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 firm,

¹ For more information about the Respondent, visit BrokerCheck® at www.finra.org/brokercheck.

except that the firm's procedures may provide otherwise when the customer is a lending-related business (under certain circumstances) or when the customer is a member of the representative's immediate family. A violation of FINRA Rule 3240 also is a violation of FINRA Rule 2010, which requires member firms and associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Cambridge Investment Research's written procedures permitted registered persons to borrow money from or lend money to firm customers in limited circumstances and only with the firm's prior approval. However, from December 2015 to November 2018, Norris made two private mortgage loans in the total amount of \$174,533 to two individuals who were his customers at Cambridge Investment Research. While the loans were documented through loan agreements, were commercially reasonable, and recorded with the county clerk, Norris did not seek or obtain preapproval from Cambridge Investment Research for either of the two loans.

Norris therefore violated FINRA Rules 3240 and 2010.

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

- a one-month suspension from associating with any FINRA member in all capacities; and
- a \$2,500 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

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.

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.

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:

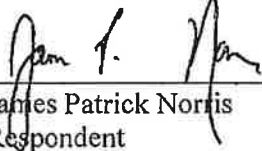
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not 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.

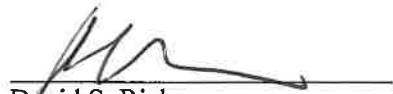
D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement 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.

6/14/22
Date


James Patrick Norris
Respondent

Reviewed by:



David S. Richan
Counsel for Respondent
Baritz & Colman LLP
233 Broadway, Suite 2020
New York, NY 10279

Accepted by FINRA:

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

June 23, 2022
Date

Karen C. Daly
Karen C. Daly
Principal Counsel
FINRA
Department of Enforcement
1601 Market St., 27th Floor
Philadelphia, PA 19103