

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020065533401**

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

RE: Ahmed G. Gheith (Respondent)
General Securities Representative
CRD No. 5783951

Pursuant to FINRA Rule 9216, Respondent Ahmed G. Gheith 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

Gheith first became registered with FINRA as a General Securities Representative (GS) through a member firm in June 2010. Between June 2010 and August 2017, Gheith was registered with FINRA through various member firms. Between June 2019 and June 2021, Gheith was registered with FINRA as a GS through Noble Capital Markets, Inc. (CRD No. 15768). In June 2021, Gheith became registered with FINRA as a GS through another member firm and remains registered in that capacity.

In April 2018, Gheith entered into a Letter of Acceptance, Waiver, and Consent with FINRA to resolve allegations that he failed to disclose his participation in private securities transactions to his member firm, in violation of NASD Rule 3040 and FINRA Rules 3280 and 2010. Specifically, with respect to conduct at his former firm, Gheith contacted four firm customers and referred them to other representatives at the firm to discuss making an investment in a private offering. After the four customers agreed to invest in the offering, Gheith was compensated for his involvement in these transactions. Gheith was suspended from associating with any member firm in any capacity for 12 months, fined \$10,000 and ordered to pay \$31,055 in disgorgement.¹

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

OVERVIEW

Between September 2019 and January 2020, Gheith solicited 40 prospective investors to purchase private placement offerings claiming exemption from registration under Rule 506 of Regulation D but without having established pre-existing, substantive relationships with any of the investors. Four of those 40 investors purchased one of the private placements. Gheith's solicitations and sales of the private placements contravened Section 5 of the Securities Act of 1933 and therefore violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Under the Securities Act, any offer or sale of a security must either be registered with the SEC or qualify for an exemption or safe harbor from registration. Regulation D under the Securities Act provides a number of exemptions, one of which is Rule 506(b). Under that rule, an issuer obtains a "safe harbor" under Section 4(a)(2) by, among other things, selling to no more than 35 non-accredited investors and not using "general solicitation" or advertising to market its securities. Rule 502(c) generally sets forth the forms of prohibited general solicitation or general advertising when offering or selling such securities.

The SEC has issued guidance that a broker-dealer, acting on behalf of an issuer, can demonstrate the absence of general solicitation under Rule 502(c) of Regulation D if it demonstrates that it has established a pre-existing, substantive relationship with a prospective investor. For example, a broker-dealer could establish a pre-existing, substantive relationship with a prospective investor through a previous investment in securities offered through the broker-dealer or through submission and approval of an investor qualification questionnaire. The substantive relationship must be established prior to the time the broker-dealer began participating in the offering.

Acting in contravention of Section 5 of the Securities Act violates FINRA Rule 2010, which requires members and associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

Gheith's primary business was offering and selling private placements. In order to identify prospective customers, Gheith generally used publicly available sources such as accessing the Securities and Exchange Commission's EDGAR filing system and locating stockholder lists. Gheith would then use a third-party service to obtain contact information for investors on the lists and attempt to reach them by telephone. Gheith then cold called the potential customers and, during the initial calls, discussed various private placement offerings with them. After speaking with prospective customers, Gheith sent emails to them that contained information about Noble Capital and the private placements he discussed during the telephone calls. Gheith also frequently sent the offering documents and/or the subscription agreements for the private placements to the prospective customers.

Between September 2019 and January 2020, Gheith solicited 40 prospective investors to purchase two different private placement offerings, both of which claimed exemption

from registration pursuant to Rule 506(b) of Regulation D. Noble Capital began participating in each offering before Gheith created a substantive relationship with any of the prospective investors. None of the 40 prospective investors had previously invested in securities offered by Noble Capital nor did Gheith obtain investor questionnaires from the prospective investors prior to the time they agreed to invest in an offering. During this period, four of the 40 investors Gheith solicited invested a total of \$175,000 in one of the private placement offerings. Gheith solicited all 40 investors before having a substantive relationship with any of them.

Gheith thus engaged in general solicitation. The offers and resulting sales of the private placement offerings therefore did not qualify for an exemption from registration under Rule 506(b). Based on the above, Gheith acted in contravention of Section 5 of the Securities Act and therefore violated FINRA Rule 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 \$7,500 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.

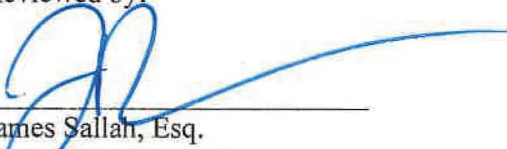
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

11/21/2022
Date



Ahmed G. Gheith
Respondent

Reviewed by:



James Sallah, Esq.
Counsel for Respondent
Sallah Astarita & Cox, LLC
3010 North Military Trail, Suite 210
Boca Raton, FL 33431

Accepted by FINRA:

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

Michael Perkins

December 16, 2022
Date

Michael Perkins
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street, Brookfield Place
New York, NY 10281