

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066192702**

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

RE: Lance E. Baraker (Respondent)
Former General Securities Representative
CRD No. 4647994

Pursuant to FINRA Rule 9216, Respondent Lance E. Baraker 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

Baraker first registered with FINRA as a General Securities Representative (GS) through a member firm in August 2004. Between May 2016 and February 2021, Baraker was registered with FINRA as a GS through Rise Financial Services, LLC (CRD No. 146103). Between March 2021 and May 2022, Baraker was registered with FINRA as a GS through a different member firm.

Although Baraker is no longer 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.¹

OVERVIEW

In April 2019, Baraker engaged in outside business activities without providing prior written notice to his firm, in violation of FINRA Rules 3270 and 2010.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from a regulatory tip.

FINRA Rule 3270 provides, in relevant part, that:

No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.

A violation of FINRA Rule 3270 is also a violation of FINRA Rule 2010, which requires members and associated persons in the conduct of their business to “observe high standards of commercial honor and just and equitable principles of trade.”

In April 2019, Baraker and four other individuals formed an entity (Company A) for the purpose of pooling their funds to invest. Baraker and the four other individuals were the sole shareholders of Company A. Baraker, as the managing member of a personal limited liability company (Company B), signed Company A’s shareholder agreement.² Although he did not contribute any funds to Company A, Baraker served as a director and the treasurer of Company A. Company A’s shareholders, including Baraker, expected to receive a return from Company A’s investment.

In April 2019, Baraker attended a meeting with the other Company A shareholders, and they agreed to wire \$350,000 to an asset manager to invest. Company A and the asset manager entered into a Management and Deposit Agreement, dated April 22, 2019, pursuant to which the asset manager agreed to place Company A’s funds “into one or more asset enhancement transactions.” Baraker, on behalf of Company A, signed the Management and Deposit Agreement and an escrow agreement with the asset manager. Baraker also conducted due diligence on the asset manager, opened Company A’s bank account, and facilitated the \$350,000 wire from Company A to the asset manager’s escrow agent. The asset manager subsequently filed for bankruptcy in 2021.

Baraker did not provide prior written notice to his firm before engaging in the above-described business activities with Company A or Company B. Therefore, Baraker violated FINRA Rules 3270 and 2010.

² Although Baraker formed Company B in 2015, it was not active until April 2019 when Baraker used Company B to facilitate his participation in the transactions involving Company A.

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

- a 30-calendar day suspension from associating with any FINRA member in all capacities; and
- a \$5,000 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.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after 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 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 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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. 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.


6/17/22
Date


Lance E. Baraker
Respondent

Accepted by FINRA:

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

07/27/2022
Date


Michael Dorfman-Gonzalez
Principal Counsel
FINRA
Department of Enforcement
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