

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066352101**

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

RE: Kale KH Young (Respondent)
General Securities Representative
CRD No. 2270954

Pursuant to FINRA Rule 9216, Respondent Kale KH Young (Young) 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

Young entered the securities industry in July 1993. In February 2015, Young became registered with FINRA as a General Securities Representative (GSR) and Investment Company and Variable Contracts Products Representative through an association with LPL Financial LLC (LPL), a FINRA member firm.

In a Uniform Termination Notice for Securities Registration (Form U5) dated April 15, 2020, LPL reported Young's termination for "re-using customer signatures on account documents."

Since September 2020, Young has been registered with FINRA as a GSR and Investment Company and Variable Contracts Products Representative through his current association with a different FINRA member firm. Given his current association, Young remains subject to FINRA's jurisdiction.¹

OVERVIEW

Between September 2017 and December 2019, Young violated FINRA Rule 2010 when he falsified the signatures of three firm customers on nineteen LPL forms with the customers' permission. By engaging in this conduct, Young also caused the firm to maintain inaccurate books and records, in violation of Section 17(a) of the Securities

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

Exchange Act of 1934 (the Exchange Act) and Rule 17a-3 thereunder, and violated FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of the April 15, 2020 Form U5.

FINRA Rule 2010 requires associated persons, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade." Falsifying documents occurs when a person creates a document or entry in a firm's system that creates a false appearance by including altered or untrue information. Falsifying documents is inconsistent with just and equitable principles of trade and violates FINRA Rule 2010.

FINRA Rule 4511 requires each FINRA member firm to make and preserve books and records in conformity with Section 17(a) of the Exchange Act and Rule 17a-3 thereunder. Exchange Act Rule 17a-3(a)(17) also requires firms to keep accurate records of, among other things, a customer's annual income, net worth, investment objectives, and instructions for the purchase or sale of a security, and receipts and deliveries or disbursements of cash and securities. A violation of FINRA Rule 4511 also constitutes a violation of FINRA Rule 2010.

During the relevant period, LPL's written supervisory procedures (WSPs) required all documents to bear the customer's original signature and expressly prohibited registered representatives from signing, affixing or re-using a customer's signature, name or initials.

Although Young was aware of the firm's WSPs, in September 2017 Young re-used customer A's previously obtained genuine signature on three account transfer forms. In November 2017, Young re-used customer A's and B's previously obtained genuine signatures on fifteen mutual fund replacement forms. In December 2019, Young affixed a copy of customer C's signature to a life insurance product acknowledgement form. In each instance, customers A, B, and C did not sign the documents but authorized Young to affix or re-use their signatures.

Young also falsely stated on one annual compliance questionnaire that he had not signed or affixed any other person's signature on a document.

The firm used eighteen of the falsified documents to authorize and record the sale, transfer, or disbursement of cash or securities from the customers' accounts. By affixing customers A, B, and C's signatures to these documents and submitting them to LPL as the original signatures of the customers, Young violated FINRA Rule 2010. By engaging in this conduct, Young also caused the firm to maintain inaccurate books and records in violation of Exchange Act Rule 17a-3, and violated FINRA Rules 4511 and 2010.

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

- a 20 business-day suspension from associating with any FINRA member in all capacities; and
- a \$5,000 fine.

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.

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.

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 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.

5/24/23

Date



Kale KH Young
Respondent

Reviewed by:



Kathleen Patchel
Counsel for Respondent
AdvisorLaw LLC
9737 Wadsworth Parkway, Suite 205
Westminster, CO 80021

Accepted by FINRA:

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



6/8/2023

Date

Christopher Miles
Counsel
FINRA
Department of Enforcement
200 Liberty Street, Fl. 11
New York, NY 10281