

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020067072101**

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

RE: Christopher Joseph McCoy (Respondent)
Former General Securities Representative
CRD No. 4113108

Pursuant to FINRA Rule 9216, Respondent Christopher Joseph McCoy 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

McCoy first registered with FINRA in January 2000. In August 2012, he became registered with FINRA through his association with Calton & Associates, Inc. (Calton). On December 20, 2022 Calton filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that McCoy had voluntarily resigned.

In November 2020, one of McCoy's customers filed a FINRA arbitration against Calton arising out of some of the trades described here. That arbitration settled in July 2021.

Although McCoy is no longer associated with a FINRA member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.¹

OVERVIEW

At various points in time from May 2015 through June 2019, McCoy exercised discretion without prior written authorization in the accounts of six customers. As a result, McCoy violated NASD Rule 2510(b) and FINRA Rules 3260(b) and 2010.²

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

² FINRA Rule 3260 superseded NASD Rule 2510 on May 8, 2019. Therefore, McCoy violated NASD Rule 2510(b) for conduct before May 8, 2019 and FINRA Rule 3260(b) for conduct occurring on and after May 8, 2019.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a customer arbitration complaint filed with FINRA.

FINRA Rule 3260(b), and its predecessor NASD Rule 2510(b), provide that no “registered representative shall exercise any discretionary power in a customer’s account” without prior written authorization by the customer to a stated individual and written acceptance by the member.

Violations of NASD Rule 2510(b) and FINRA Rule 3260(b) are also violations of FINRA Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

At various points in time from May 2015 through June 2019, McCoy exercised discretion in eight brokerage accounts of a total of six firm customers, three of whom were seniors. Although McCoy discussed investment strategy with the customers, he did not speak with the customers on the days of the trades for approximately 200 transactions.

Calton’s procedures prohibited discretionary transactions in customer accounts without written authority from the customer and prior approval from the firm. McCoy did not have written authorization from the customers, or permission from Calton, to exercise discretion in the accounts. McCoy also falsely attested in five compliance questionnaires that he had not exercised discretionary trading authority over his customer’s accounts.

Therefore, McCoy violated NASD Rule 2510(b) and FINRA Rules 3260(b) 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 \$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.

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 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 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 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.

April 11, 2024

Date

Christopher Joseph McCoy

Christopher Joseph McCoy
Respondent

Accepted by FINRA:

April 16, 2024

Date

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

Maya Krugman

Maya Krugman
Senior Counsel
FINRA
Department of Enforcement
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New York, NY 10821