

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068025901**

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

RE: Christopher Eriksson (Respondent)
Former Registered Representative
CRD No. 2487298

Pursuant to FINRA Rule 9216, Respondent Christopher Eriksson 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

Respondent entered the securities industry in April 1994 when he became associated with a FINRA member firm. He first became registered with FINRA as a General Securities Representative (GSR) in June 1994. He was subsequently associated with another FINRA member firm from July 2003 to January 2005. In January 2005, he became associated with Merrill Lynch, Pierce, Fenner & Smith Incorporated, and registered with FINRA at that time as a GSR through his association with Merrill Lynch.

According to a Form U5 filed by Merrill Lynch on November 18, 2020, Eriksson was terminated on October 20, 2020 for “conduct involving outside business activities including entering into a financial arrangement with a client without the Firm’s knowledge or approval.” Eriksson has not thereafter associated with any FINRA member firm, but remains subject to FINRA’s jurisdiction pursuant to Article V, Section IV of FINRA’s By-Laws.¹

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

OVERVIEW

In April 2018, while associated with Merrill Lynch, Eriksson borrowed \$350,000 from a customer without notifying the firm or obtaining its approval, in violation of FINRA Rules 3240 and 2010.

In addition, between January 2005 and October 2020, while associated with Merrill Lynch, Eriksson engaged in three outside business activities without notifying or obtaining approval from his member firm, in violation of NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a customer arbitration filed by Customer A, an irrevocable trust, against Eriksson.

A. Eriksson borrowed \$350,000 from a firm customer without notice to, or approval from, his member firm.

FINRA Rule 3240(a) prohibits registered persons from borrowing from or lending money to customers unless (1) the member firm has written procedures allowing it and (2) the relationship between registered person and customer meets at least one of five specified criteria. Even then, Rule 3240(b) generally requires the registered person to notify and receive the member firm's preapproval before entering any borrowing or lending arrangement with a customer. A violation of FINRA Rule 3240 also constitutes a violation of FINRA Rule 2010, which provides that associated persons in the conduct of their business "shall observe high standards of commercial honor and just and equitable principles of trade."

In April 2018, while registered through Merrill Lynch, Eriksson borrowed \$350,000 from Customer A, at a fixed interest rate, as documented by a promissory note drafted by one of the co-trustees of Customer A. Eriksson has paid off in full the principal and interest on the loan.

At the time Eriksson entered into the loan agreement, Merrill Lynch's written supervisory procedures prohibited its registered representatives from borrowing money from a customer, unless the customer was a family member, and the firm approved the loan. Customer A was not Eriksson's family member, and Eriksson did not seek or obtain prior approval of the loan from Merrill Lynch.

Therefore, Respondent violated FINRA Rules 3240 and 2010.

B. Eriksson engaged in three undisclosed outside business activities.

FINRA Rule 3270 prohibits registered persons from conducting outside business activities without prior written notice to his or her member firm. In particular, the rule

prohibits registered persons from acting as an employee, independent contractor, sole proprietor, officer, director or partner of another person, or being compensated, or having 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, absent prior written notice to the member, in such form as specified by the member.² A violation of FINRA Rule 3270 also constitutes a violation of FINRA Rule 2010.³

In February 2018, Eriksson formed USAR LLC (USAR), in which two of his friends later obtained an ownership interest. In October 2018, USAR purchased a parcel of land in Texas from Customer A to develop an auto recycling business. Eriksson did not disclose USAR to Merrill Lynch, nor did he receive approval for this outside business activity.

In September 2003, Eriksson organized Eriksson Family Properties, LLC (EFP), of which he is the sole owner. EFP acquired two commercial properties in St. Paul, Minnesota. EFP received rental payments for one of the properties from 2010 to 2015, and rented the other property in 2018 on a monthly basis. Eriksson did not disclose EFP to Merrill Lynch until April 2020, at which time the firm granted approval.

In September 2015, Eriksson purchased an ownership interest in three automobile salvage companies and two related real estate holding companies. Eriksson never disclosed his ownership of these entities to Merrill Lynch, nor did he receive approval for this outside business activity.

Additionally, in 2017, 2018, and 2019, Eriksson submitted questionnaire responses to Merrill Lynch which failed to disclose all his outside business activities.

Therefore, Respondent violated NASD Rules 3030 and 2110, and FINRA Rules 3270 and 2010.

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

- a six-month suspension from associating with any FINRA member in all capacities; and
- a \$10,000 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 the execution of this AWC, the monetary sanction imposed in this matter.

² FINRA Rule 3270 superseded NASD Rule 3030 on December 15, 2010.

³ FINRA Rule 2010 superseded NASD Rule 2110 on December 15, 2008.

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.

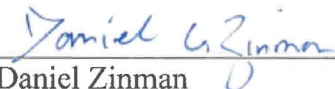
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's

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.

10/26/22
Date


Christopher Eriksson
Respondent


Reviewed by:


Daniel Zinman
Rachel Mechanic
Counsel for Respondent
Perkins Coie LLP
1155 Avenue of the Americas
New York, NY 10036-2711

Accepted by FINRA:

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

November 9, 2022
Date


Bruce M. Sabados
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281-1003