

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2020068210301**

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

RE: Nathan M. Plumb  
Former General Securities Representative  
CRD No. 4598158

Pursuant to FINRA Rule 9216, Respondent Nathan M. Plumb 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**

Nathan M. Plumb entered the securities industry in 2002. In December 2016, Plumb registered with FINRA as a General Securities Representative through an association with Lincoln Financial Advisors Corporation. On October 5, 2020, Lincoln filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that Plumb was terminated “following allegations of the RRs failure to comply with outside business activity and private securities transaction policies.” Although Plumb is not registered or currently associated with a FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.<sup>1</sup>

**OVERVIEW**

Between August 2017 and September 2020, Plumb did not notify Lincoln about the full nature of his participation in an outside business activity. In addition, between January 2017 and September 2020, Plumb engaged in a separate outside business activity without providing prior written notice to Lincoln. While associated with Lincoln, Plumb was approached by and assisted four individuals in their purchase of approximately \$387,000 of mutual fund shares directly from a mutual fund company, which Plumb was associated with, without providing written notice to Lincoln. As a result, Plumb violated FINRA Rules 3270, 3280, and 2010.

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's review of the Form U5 filed by Lincoln.

### *Plumb Engaged in Undisclosed Outside Business Activities*

FINRA Rule 3270 states: "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 this rule constitutes a violation of FINRA Rule 2010.

In June 2016, before associating with Lincoln, Plumb submitted an outside business activity disclosure form to Lincoln disclosing his role as a board member of a mutual fund company (Fund Company). Lincoln approved Plumb's disclosed role. In August 2017, Plumb's role with the Fund Company expanded, and he began working for the company as chief financial officer and treasurer. Plumb did not disclose his new role with the Fund Company to Lincoln.

Additionally, in January 2017, Plumb began providing consulting services to a registered investment advisory firm and the investment advisor to the Fund Company pursuant to a consulting agreement. Plumb provided economic research, marketing support, and financial analysis to the investment advisory firm. Plumb did not disclose to Lincoln his role with the investment advisory firm until December 2018. In March 2019, Lincoln denied Plumb's request to work for the investment advisory firm. Notwithstanding this, Plumb continued to work for, and receive compensation from, the investment advisory firm throughout his association with Lincoln.

Between November 2017 and December 2019, Plumb incorrectly attested on three annual compliance questionnaires submitted to Lincoln that he had disclosed all outside business activities.

Therefore, Plumb violated FINRA Rules 3270 and 2010.

### *Plumb Participated in Undisclosed Private Securities Transactions*

FINRA Rule 3280 requires that "[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." A violation of this rule constitutes a violation of FINRA Rule 2010.

While associated with Lincoln, Plumb was approached by and assisted four individuals in purchasing mutual fund shares directly from the Fund Company. These individuals purchased approximately \$387,000 of mutual fund shares directly from the Fund Company. Plumb assisted these individuals with their purchases by meeting with them to discuss their investments, completing the paperwork required to purchase the mutual fund shares, and advising them on how to send payment to the Fund Company for the mutual fund share purchases. Plumb did not receive any commissions or other payments for his role in the transactions, though he was affiliated with the Fund Company as a member of the board and the chief financial officer and treasurer. Plumb did not provide written notice to Lincoln prior to participating in those individuals' transactions.

Therefore, Plumb violated FINRA Rules 3280 and 2010.

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

- a four-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.

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.

September 29, 2022

Date

*Nathan M. Plumb*

Nathan M. Plumb

Respondent

Reviewed by:

*Jonathan Hackbarth*

Jonathan Hackbarth, Esq.

Counsel for Respondent

Quarles & Brady LLP

411 East Wisconsin Avenue

Suite 2400

Milwaukee, WI 53202