

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068622401**

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

RE: Felipe Henao Vargas (Respondent)
Former General Securities Representative
CRD No. 5140431

Pursuant to FINRA Rule 9216, Respondent Felipe Henao Vargas 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

Henao first registered with FINRA in 2007. In January 2016, Henao became registered with FINRA as a General Securities Representative through an association with Insigneo Securities, LLC. On February 3, 2022, Insigneo filed a Form U5 stating that Henao left the firm voluntarily.

Although Henao is not currently associated with a FINRA member, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.

In September 2020, one of Henao's customers filed a FINRA arbitration against Insigneo arising out of the trades described herein. The arbitration settled in December 2021.¹

OVERVIEW

In February and March 2020, Henao exercised discretion without written authorization in a customer's account. Therefore, Henao violated FINRA Rules 3260(b) and 2010.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of the September 2020 arbitration statement of claim.

FINRA Rule 3260(b) provides that no registered representative "shall exercise any discretionary power in a customer's account" without prior written authorization by the customer and written acceptance by the member.

A violation of Rule 3260(b) is also a violation of FINRA Rule 2010, which requires associated persons in the conduct of their business to observe high standards of commercial honor and just and equitable principles of trade.

In February and March 2020, Henao exercised discretion in a customer's account by initiating a substantial short position in a volatile exchange-traded note. In March 2020, after the trade went against his customer, Henao closed out the position.

Insigneo's procedures prohibited discretionary transactions without written authority from the customer and prior approval from the firm. Henao did not have written authorization from the customer, or permission from Insigneo, to exercise discretion in the account. Henao aggravated his misconduct by using an unapproved communication channel to exchange messages concerning the trades with a family member of the customer after the fact.

Therefore, Henao violated FINRA Rules 3260(b) and 2010.

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

- a 45 calendar day suspension from associating with any FINRA member in all capacities; and
- a \$7,500 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.

December 12, 2023

Date

Felipe Henao Vargas

Felipe Henao Vargas
Respondent

Reviewed by:

JAMES SALLAH

James D. Sallah, Esq.
Counsel for Respondent
Sallah Astarita & Cox, LLC
3010 North Military Trail, Suite 210
Boca Raton, FL 33431

Accepted by FINRA:

December 19, 2023

Date

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

Christopher Conroy

Christopher Conroy
Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10821