

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068747501**

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

RE: John Ginsburg (Respondent)
General Securities Representative
CRD No. 3022789

Pursuant to FINRA Rule 9216, Respondent John Ginsburg 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

Ginsburg first registered as a General Securities Representative (GSR) with FINRA through an association with a FINRA member firm in 1998. From November 2014 through November 2020, Ginsburg was registered as a GSR through his association with Principal Securities, Inc. (CRD No. 1137).

On or about November 19, 2020, Ginsburg voluntarily resigned from Principal. On November 30, 2020, Principal filed an amendment to a Uniform Termination Notice for Securities Industry Registration (Form U5), which had terminated Ginsburg's association with the firm. The Form U5 amendment disclosed that Ginsburg "resigned voluntarily from the Firm" after Principal received "a verbal customer complaint" and "initiated an internal review related to the representative's clients signing blank forms."

Currently, Ginsburg is registered as a GSR through an association with another FINRA member firm.¹

OVERVIEW

From January 2019 through October 2020, while employed by Principal Securities, Inc., Ginsburg added information to 19 firm documents for 18 customers after obtaining the

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

customers' signatures on blank or incomplete forms, in violation of FINRA Rule 2010. The documents were firm records required to be made and preserved in accordance with FINRA rules and rules promulgated under the Securities Exchange Act of 1934. As a result of Ginsburg submitting the documents to Principal, he caused Principal to maintain inaccurate books and records, in violation of FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's review of the November 30, 2020 Form U5 filing.

FINRA Rule 2010 requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. 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 member firms and associated persons to make and preserve books and records as required under the FINRA rules, the Exchange Act, and the applicable Exchange Act rules. Implicit in these requirements is the requirement to make accurate records. When an associated person falsifies a firm's records, he or she causes the firm to maintain inaccurate books and records in violation of FINRA Rule 4511. By causing the firm to maintain inaccurate books and records, an associated person also violates FINRA Rule 2010.

From January 2019 through October 2020, Ginsburg falsified 19 firm documents for 18 customers by obtaining the customers' signatures on blank or incomplete forms. After the customers executed the blank or incomplete forms, Ginsburg added missing information without having the customers re-execute the forms and submitted the forms to Principal for processing. The documents, which were maintained in the firm's files, included mutual fund switch forms, account rollover analysis forms, and transfer of assets forms relating to the customers' brokerage accounts. The missing information included material information regarding proposed investments and the costs and fees associated with those investments.

By adding information to the signed customer forms, Respondent violated FINRA Rule 2010. By causing Principal to maintain inaccurate books and records, Respondent violated FINRA Rules 4511 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 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.

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.

November 14, 2023

Date

John Ginsburg

John Ginsburg
Respondent

Reviewed by:

Bradley Kirklin

Bradley M. Kirklin
Counsel for Respondent
Henneman Rau Kirklin & Smith LLP
815 Walker Street, Suite 1440
Houston, Texas 77002

Accepted by FINRA:

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

November 15, 2023

Date

Grant Hodges

Grant Thomas Hodges
Counsel
FINRA
Department of Enforcement
120 West 12th Street, Suite 800
Kansas City, MO 64105