

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2020068856201**

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

RE: Steven Horn (Respondent)  
General Securities Representative  
CRD No. 2579003

Pursuant to FINRA Rule 9216, Respondent Steven Horn 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**

Horn first registered with FINRA in 1995 as a General Securities Representative. He was registered with FINRA through an association with Citigroup Global Markets Inc. (CRD No. 7059) as a General Securities Representative and a General Securities Principal from February 2016 through December 2020. On December 7, 2020, Citigroup filed a Uniform Termination Notice for Securities Industry Registration (Form U5), which stated that Horn had resigned. The Form U5 also disclosed that at the time of his resignation, Horn had been subject to an internal review, which had concluded that Horn “did not have an undisclosed outside business at the time he applied for and received a U.S. Small Business Administration loan.”

Horn is currently registered with FINRA through an association with another member firm.<sup>1</sup>

**OVERVIEW**

In July and August 2020, Horn made reckless misrepresentations in a loan application and loan agreement he submitted to the Small Business Administration (SBA) to obtain an Economic Injury Disaster Loan. Horn thereby violated FINRA Rule 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 investigation concerning the Form U5 filed by Citigroup.

FINRA Rule 2010 require associated persons in the conduct of their business to "observe high standards of commercial honor and just and equitable principles of trade." Making a reckless misrepresentation of material fact in connection with business-related activities is a violation of FINRA Rule 2010, which encompasses any unethical, business-related misconduct, regardless of whether it involves a security.

In 2020, as a result of the COVID-19 pandemic, the federal government initiated several programs to assist small businesses, including the COVID-19 Economic Injury Disaster Loan Program, which was administered by the SBA. In July 2020, Horn submitted an application to the SBA for an Economic Injury Disaster Loan. Prior to submitting the application, Horn did not sufficiently review the Economic Injury Disaster Loan program requirements to determine his eligibility. In addition, Horn did not review the instructions for completing the application, which contained additional information about program eligibility.

In the application, Horn recklessly misrepresented that he owned a sole proprietorship under the business name Steven Horn, using a Tax ID number that was identical to his personal social security number. Horn further misrepresented that the primary email address for this business was his personal email address and that the revenues and costs associated with his Citigroup business were those of the sole proprietorship. In actuality, Horn was providing financial services only in his capacity as a registered representative with Citigroup. Horn did not have any outside business activities, including any sole proprietorship or other financial services business bearing his name and personal social security number. Additionally, Horn was using only his Citigroup-issued email address to conduct his financial services business, not his personal email address. Horn's Citigroup business was not eligible for an Economic Injury Disaster Loan, and he did not have any other business eligible for an Economic Injury Disaster Loan from the SBA.

Based on Horn's misrepresentations, the SBA approved Horn's application. On August 8, 2020, Horn signed the loan agreement, which contained an affirmation that the representations made in Horn's application were correct. Horn did not review the loan agreement before signing it. On August 11, 2020, the SBA provided Horn with a \$150,000 loan.

In October 2020, Citigroup commenced an investigation of Horn's activity. In early November 2020, prior to his resignation from Citigroup, Horn repaid the loan in full, with interest to the SBA.

Based on the foregoing, Horn violated FINRA Rule 2010.

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

- a seven-month suspension from associating with any FINRA member in all capacities; and
- a \$10,000 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.

9-12-2022  
Date

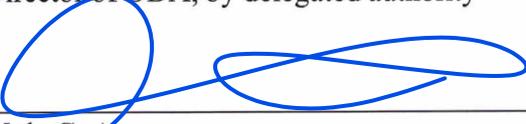
  
\_\_\_\_\_  
Steven Horn  
Respondent

Reviewed by:

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Daniel J. Donovan  
Counsel for Respondent  
Donovan & Rainie, LLC  
One South Street - Suite 1120  
Baltimore, Maryland 21202

Accepted by FINRA:

9/30/22  
Date

Signed on behalf of the  
Director of ODA, by delegated authority  
  
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Myla G. Arumugam  
Principal Counsel  
FINRA  
Department of Enforcement  
581 Main St., 7th Floor  
Woodbridge, NJ 07095