

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021070414101**

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

RE: William A. Massarweh (Respondent)
Former General Securities Representative and Former Investment Company and Variable
Contracts Products Representative
CRD No. 4040459

Pursuant to FINRA Rule 9216, Respondent William A. Massarweh 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

Massarweh entered the securities industry in 1999 when he became registered as an Investment Company and Variable Contracts Products Representative (IR) through an association with a FINRA member. After leaving that firm, Massarweh was registered as an IR through an association with a different FINRA member between February 2003 and January 2004. In January 2004, Massarweh became registered as an IR through an association with FSC Securities Corporation (FSC), a FINRA member, and in May 2004, he became registered as a General Securities Representative through his association with the firm. On February 19, 2021, FSC filed a Form U5 reporting that Massarweh had been discharged “for engaging in undisclosed OBA with charity under his financial control.”¹ Although Massarweh is no longer registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4(a) of FINRA’s By-Laws.²

¹ Massarweh has been an attorney since 1996, and a realtor since 2004. Massarweh performs legal and real estate services, which was disclosed to FSC.

² For more information about the respondent, visit BrokerCheck® at www.finra.org/brokercheck.

OVERVIEW

From August 2019 through February 2021, while associated with FSC, Massarweh violated FINRA Rules 3270 and 2010 by serving as Chief Financial Officer for a non-profit foundation (the Foundation) without providing prior notice to, or receiving approval from, the firm for this activity.

Between November and December 2020, Massarweh's customer at FSC instructed Massarweh to transfer \$600,000 to the Foundation as a charitable bequest. Instead of transferring the funds to an account held by the Foundation, Massarweh initiated a request to transfer the funds to an account in his name, but the transfer was reversed by FSC. By failing to apply the funds as instructed by his customer, Massarweh improperly used the funds in violation of FINRA Rules 2150(a) and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from the Form U5 filed by FSC in February 2021.

A. Massarweh engaged in an undisclosed outside business activity.

FINRA Rule 3270 prohibits registered persons from being an "employee, independent contractor, sole proprietor, officer, director or partner of another person, or be[ing] compensated, or hav[ing] 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 FINRA Rule 3270 also constitutes a violation of FINRA Rule 2010, which requires associated persons to observe "high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

During the relevant period, FSC's written supervisory procedures required its associated persons to provide prior written notification of "all business activities engaged in outside the scope of their association with the Firm," by submitting a form through the firm's online systems, and to "receive approval before engaging in such activities."

In August 2019, the Foundation was established as a non-profit organization. From the Foundation's inception until the end of Massarweh's association with FSC in February 2021, Massarweh served as the Chief Financial Officer of the Foundation. Massarweh's duties included bookkeeping and tracking the Foundation's expenses. In addition, Massarweh completed, signed, and filed documentation establishing the Foundation as a non-profit organization in the State of California. These activities fell outside the scope of Massarweh's relationship with FSC.

Massarweh failed to provide prior written notice to FSC of his activities with the Foundation. He did not disclose his involvement with the Foundation to FSC until December 2020, after FSC inquired about his role with the Foundation. Massarweh never

provided written notice in the form specified by the firm, and FSC never approved Massarweh's activities with the Foundation.

Therefore, Massarweh violated FINRA Rules 3270 and 2010.

B. Massarweh improperly used a customer's funds.

FINRA Rule 2150(a) provides that "[n]o member or person associated with a member shall make improper use of a customer's securities or funds." An associated person makes improper use of customer funds when he or she fails to apply the funds, or uses them for some purpose other than, as directed by the customer. Improper use of customer funds also violates FINRA Rule 2010.

In September 2019, the Foundation opened an advisory account at FSC, with Massarweh as the advisor of record. In 2020, a client of Massarweh's with a trust (the Trust) passed away. The Trust held a brokerage account with Massarweh at FSC. In late November 2020, the trustee of the Trust (the "Trustee") instructed Massarweh to transfer \$600,000 to the Foundation.

Rather than transferring the funds as directed by the Trust, in December 2020, Massarweh initiated a request to transfer \$600,000 from the Trust's FSC brokerage account to an advisory account held in Massarweh's name at FSC. Although Massarweh believed the account was a related account of the Foundation's, it was not and was solely in Massarweh's name. FSC reversed the transfer of funds, and the Trust's funds were never transferred to Massarweh. The Foundation and the Trustee remain customers of Massarweh.

Therefore, Massarweh violated FINRA Rules 2150(a) and 2010.

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

- a one-year 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 she 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, she 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.

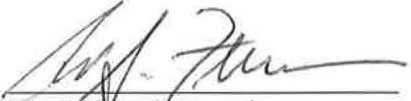
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

Date

01/17/2023


William A. Massarweh
Respondent

Reviewed by:



Mr. Robert S. Frenchman
Counsel for Respondent
Mukasey Frenchman LLP
570 Lexington Avenue, Suite 3500
New York, New York 10022

Accepted by FINRA:

1/20/2023

Date

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



Alex Marinello
Counsel
FINRA
Department of Enforcement
Two Jericho Plaza, Suite 307
Jericho, NY 11753