

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021070741501**

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

RE: Patrick Keith Sloan (Respondent)
Former General Securities Representative
CRD No. 6466410

Pursuant to FINRA Rule 9216, Respondent Patrick Keith Sloan 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

Patrick Keith Sloan first registered with FINRA in 2015. In November 2017, Sloan became registered as a General Securities Representative through an association with LPL Financial LLC. LPL terminated Sloan's registration by Form U5 dated March 16, 2021, disclosing that Sloan was terminated after he "[e]lectronically signed account documents on behalf of customers, in violation of Firm Document Signature policy [and] [u]tilized discretion in brokerage accounts without written authorization."

Sloan is no longer associated with any FINRA member but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's by-laws.¹

OVERVIEW

From February to December 2020, Sloan signed five customers' signatures on a total of seven documents, in violation of FINRA Rules 2010 and 4511. In addition, from September 2018 to February 2021, Sloan exercised discretion approximately 70 times in four customer accounts without prior written authority from the customer or approval

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

from his firm, in violation of NASD Conduct Rule 2510(b), and FINRA Rules 3260(b) and 2010.

FACTS AND VIOLATIVE CONDUCT

This investigation commenced after FINRA received the Form U5 dated March 16, 2021 referenced above.

A. Sloan falsified customer signatures on seven documents and caused LPL to maintain inaccurate records.

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. Falsification is a violation of FINRA Rule 2010.

FINRA Rule 4511 requires members to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.” Exchange Act Rule 17a-3 requires firms to maintain certain books and records relating to its business, including records of brokerage accounts. Inherent in the obligation to make and preserve books and records is the requirement that they be accurate. A registered representative who falsifies firm records causes the firm to maintain inaccurate records and, thereby, violates FINRA Rule 4511.

A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

From February to December 2020, Sloan electronically signed, with prior permission, a total of seven documents—four account applications, a move money form, an account transfer form and an opt-in for electronic prospectuses and shareholder communications—on behalf of five customers, two of whom were seniors. LPL’s policies and procedures prohibited signing a customer’s name or initials regardless of the customer’s knowledge or consent. Sloan also falsely attested in a December 2020 compliance questionnaire that he had not signed or affixed another person’s signature on a document.

By falsifying customer signatures, Sloan violated FINRA Rule 2010.

In addition, by causing LPL to maintain inaccurate books and records, Sloan violated FINRA Rules 4511 and 2010.

B. Sloan used discretion in four customer accounts.

FINRA Rule 3260(b), and its predecessor NASD Conduct Rule 2510(b),² prohibit registered representatives from exercising discretion in a customer’s account unless the

² FINRA Rule 3260 became effective on May 8, 2019. Four of the trades at issue occurred before May 8, 2019.

customer provided prior written authorization to the representative, and the representative's firm provided written acceptance of the account as discretionary prior to the transaction.

A violation of FINRA Rule 3260(b) or NASD Conduct Rule 2510(b) is also a violation of FINRA Rule 2010.

From September 2018 to February 2021, Sloan exercised discretion in approximately 70 trades in the accounts of four customers. Although Sloan made the trades pursuant to an investment strategy agreed to by the customers, Sloan did not have written authorization from the customers, or permission from LPL, to exercise discretion in the accounts. No customer complained regarding Sloan's trades and Sloan did not receive any commissions from the trading.

In 2018, 2019 and 2020 compliance questionnaires, Sloan falsely stated that he had not exercised discretionary authority over any brokerage accounts.

Therefore, Sloan violated NASD Conduct Rule 2510(b), FINRA Rules 3260(b) and 2010.

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

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

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 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.

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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. 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.

February 3, 2023

Date

Patrick Keith Sloan

Patrick Sloan
Respondent

Accepted by FINRA:

February 10, 2023

Date

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

Perry Hubbard

Perry C. Hubbard
Senior Director
FINRA
Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850