

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022074939301**

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

RE: Ian James Prukner (Respondent)
Former Investment Company and Variable Contracts Products Representative and
Former Investment Company Products/Variable Contracts Principal
CRD No. 5288581

Pursuant to FINRA Rule 9216, Respondent Ian James Prukner 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

Prukner first registered with FINRA as an Investment Company and Variable Contracts Products Representative in March 2007 through an association with PFS Investments Inc. (PFSI) (CRD No. 10111). In July 2007, Prukner registered as an Investment Company Products/Variable Contracts Principal through an association with the same firm. On August 9, 2022, PFSI filed a Uniform Termination Notice for Securities Industry Registration (Form U5) disclosing that Prukner had voluntarily resigned from the firm.

Although Prukner is no longer registered or associated with any FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.¹

OVERVIEW

Between April 2021 and August 2022, Prukner engaged in an outside business activity (OBA) as an owner and co-CEO of a company that engaged in e-commerce and lead generation without providing prior written notice to PFSI. As a result, Prukner violated FINRA Rules 3270 and 2010.

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

FACTS AND VIOLATIVE CONDUCT

This matter originated from an anonymous complaint about the marketing of the OBA.

FINRA Rule 3270 provides, in relevant part:

No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have 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 that members and associated persons observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

Throughout the relevant period, PFSI's written supervisory procedures required registered representatives to provide written notice to the firm prior to engaging in any OBA.

In late March and early April 2021, Prukner and three others founded a Louisiana-based limited liability company, which they later re-registered in Texas. At all relevant times, Prukner was the OBA's part owner and co-CEO. The company has two lines of business. First, the company assists customers with setting up and operating e-commerce storefronts, which offer products for sale on established e-commerce platforms. Second, the company offers to customers lead-generation websites (digital real estate), which advertise a particular service in a particular location and prompt consumers to provide their information if they are interested in that service. The e-commerce storefronts generate revenue when online consumers purchase products through the storefronts, and the digital real estate websites typically generate revenue on a per-lead basis through sales to third-party lead aggregators.

During the relevant period, the OBA's customers—including certain PFSI customers and registered representatives—each paid an up-front fee of at least \$40,000 per e-commerce storefront and \$4,000 per digital real estate website. The OBA's customers then received a percentage of any income those storefronts and websites generated.

In April and July 2021, Prukner orally discussed the e-commerce storefront component of the OBA with senior compliance personnel at PFSI's parent company. PFSI approved the e-commerce storefront component of Prukner's OBA in August 2021, by which time more than 33 customers had already paid substantial fees to the OBA. In February 2022, the digital real estate component of the OBA was reported to PFSI. By this time, over 200 OBA customers had already purchased over 900 digital real estate websites, and Prukner had earned substantial income from his involvement with the OBA.

In August 2021, following its approval of the e-commerce storefront component of Prukner's OBA, PFSI learned that the OBA had been marketed to other PFSI registered representatives, potentially creating a conflict of interest with Prukner's PFSI business. PFSI warned Prukner to stop this conduct and requested further information about the company, including the names of any PFSI customers or registered representatives who had purchased e-commerce storefronts. Prukner did not provide the requested information.

Prukner's failure to provide complete and prior written OBA disclosures to PFSI—including his late disclosure of the e-commerce storefront component, the late disclosure of the digital real estate website component, and his failure to provide the list of PFSI representatives and customers who were also OBA customers—undermined PFSI's ability to "evaluate" the OBA and determine whether to restrict or prohibit Prukner's participation in it.

In October 2021, PFSI directed Prukner to stop engaging in any marketing activities for the e-commerce storefront component, which was the only component of the OBA Prukner had disclosed to PFSI. Nonetheless, Prukner continued to market products of the company.

In April 2022, PFSI made Prukner choose between his OBA and working for PFSI. Prukner chose to continue with his OBA and after winding down his PFSI business, left PFSI in August 2022.

By failing to provide prior written notice of his OBAs, Prukner violated FINRA Rules 3270 and 2010.

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

- a 24-month 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 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 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;

- [REDACTED]
- 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 21, 2023

Date

Ian James Prukner

Ian James Prukner
Respondent

Reviewed by:

Edward Gudeman

Edward J. Gudeman
Counsel for Respondent
Gudeman & Associates, P.C.
Attorneys and Counselors
1026 W. Eleven Mile Road
Royal Oak, Michigan 48067

Accepted by FINRA:

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

November 28, 2023

Date

Lisa C. Lightbody

Lisa C. Lightbody
Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281