

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022074961401**

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

RE: Larry Eugene Norton (Respondent)
Investment Company and Variable Contracts Products Representative; Investment
Company Products/Variable Contracts Principal
CRD No. 1765551

Pursuant to FINRA Rule 9216, Respondent Larry Eugene Norton (Norton) 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

Norton entered the securities industry in September 1987. He became registered as an Investment Company and Variable Contracts Products Representative in December 1987 and an Investment Company Products/Variable Contracts Principal in January 1989 through his association with PFS Investments Inc. (PFS), a FINRA member firm. Norton currently maintains these registrations through his association with PFS and therefore he remains subject to FINRA's jurisdiction.¹

OVERVIEW

Between March 2020 and May 2021, Norton invested a total of approximately \$138,000 in a series of 14 private securities transactions. Norton failed to provide prior written notice to PFS for his participation in these transactions. As a result, Norton violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from an investigation generated by Enforcement.

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

FINRA Rule 3280 prohibits an associated person from “participat[ing] in any manner in a private securities transaction” without providing prior “written notice to the member with which he is associated describing in detail the proposed transaction and the person’s proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.” Under FINRA Rule 3280(e), the term “private securities transaction” means any securities transaction outside the regular course or scope of an associated person’s employment with a member.

A violation of FINRA Rule 3280 is also a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

At all relevant times, PFS’s written supervisory procedures required employees to notify the firm in writing prior to participating in any way in a private securities transaction involving any security not offered by the firm, including execution of a promissory note.

Between March 2020 and May 2021, while associated with PFS, Norton personally invested a total of approximately \$138,000 in investment contracts offered and sold by Company A, which purported to be an invoice factoring company that provided cash to companies in exchange for their accounts receivable. Norton made his investments in this security by entering into 14 separate “Funding Partner” agreements pursuant to which Norton provided capital funding to Company A in exchange for a promise that Company A would acquire accounts receivable solely for his account and generate 12-25% returns on his investments. Norton did not make these investments through PFS, nor were they securities offered by PFS, and thus, they were outside the regular course or scope of Norton’s employment with PFS. Norton did not provide written notice to PFS prior to investing in the private securities transactions involving Company A. On firm compliance questionnaires in 2020 and 2021, Norton marked “N/A” in response to a question where the firm indicated that “N/A” should be marked where one had not and did not intend to engage in a private securities transaction.

Therefore, Norton violated FINRA Rules 3280 and 2010.

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

- a 30-calendar day 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.

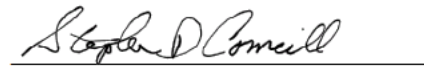
March 31, 2023

Date



Larry Eugene Norton
Respondent

Reviewed by:



Stephen D. Councill
Counsel for Respondent
Councill, Gunnemann & Chally, LLC
1201 Peachtree Street NE, Building 400, Suite 100
Atlanta, GA 30361

Accepted by FINRA:

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

April 3, 2023

Date



Carolyn Isaac
Principal Counsel
FINRA
Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850