

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022076767001**

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

RE: Lucas R. Hales (Respondent)  
Former Operations Professional and General Securities Representative  
CRD No. 6258497

Pursuant to FINRA Rule 9216, Respondent Lucas R. Hales 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**

Hales first became registered with FINRA in May 2016. From September 2018 until March 2022, Hales was registered with FINRA as a General Securities Representative through an association with Virtu Americas LLC (CRD No. 149823). In February 2019, Hales became registered with FINRA as an Operations Professional through an association with the same firm. On March 7, 2022, Virtu filed a Uniform Termination Notice for Securities Industry Registration (“Form U5”) disclosing that Hales had voluntarily resigned from the firm.

Although Hales is not currently registered or associated with a FINRA member, he remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4 of FINRA’s By-Laws.<sup>1</sup>

**OVERVIEW**

Between March 2021 and March 2022, Hales participated in private securities transactions totaling \$3 million without providing any notice to his firm. Through this conduct, Hales violated FINRA Rules 3280 and 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

FINRA Rule 3280(b) states, in pertinent part, that “[p]rior to participating in any private securities transaction, an associated person shall provide 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.” FINRA Rule 3280(e) defines a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” FINRA Rule 3280(c) states that if an associated person has received or may receive selling compensation, the member firm shall provide written approval or disapproval of the associated person’s participation in the proposed private securities transaction.

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

In March 2021, Hales and two other individuals established a limited liability company to act as a vehicle for an investment in a technology company. Hales served as the entity’s sole manager. Twenty-one investors, including Hales, invested a total of \$3 million in the vehicle. Hales participated in these transactions by reviewing investors’ subscription documents and serving as the designated point of contact for investors. Hales also participated in the entity’s investment in the technology company by managing accounts and executing documents on behalf of the entity. The entity was entitled to collect carried interest as selling compensation after the investment in the technology company closed, and it paid Hales a share of this carried interest.<sup>2</sup>

Hales did not disclose his participation in these private securities transactions to Virtu at any time, nor did he seek or receive Virtu’s written approval to participate in these transactions.

Therefore, Hales violated FINRA Rules 3280 and 2010.

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

- a 12-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.

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<sup>2</sup> Carried interest is a share of profits payable to investment managers rather than investors.

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

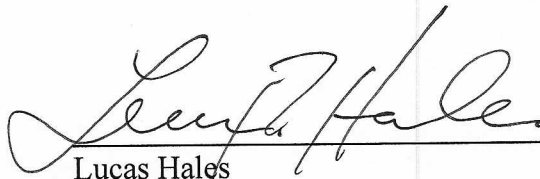
Respondent understands that:

- 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.

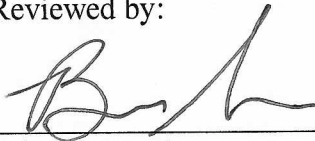
11/28/23

Date



Lucas Hales  
Respondent

Reviewed by:



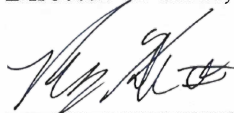
Brian Innes, Esq.  
Hansen | Black | Anderson | Ashcraft  
3051 W. Maple Loop Drive, Suite 325  
Lehi, UT 84043

Accepted by FINRA:

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

January 18, 2024

Date



Roger J. Kiley  
Senior Counsel  
FINRA  
Department of Enforcement  
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