

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020068090201**

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

RE: Kenneth Lawrence Spielman (Respondent)
General Securities Representative
CRD No. 2503634

Pursuant to FINRA Rule 9216, Respondent Kenneth Lawrence Spielman 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

Spielman entered the securities industry in 1994 when he became registered as a General Securities Representative (GSR) through his association with a FINRA member. In June 1995, Spielman became registered as a GSR through his association with a different FINRA member, and in August 1995, Spielman became registered as a General Securities Principal (GP) through an association with the same FINRA member. After leaving that firm in January 1999, Spielman was registered as a GSR and a GP through associations with two different FINRA members between approximately January 1999 and February 2018. In February 2018, Spielman became registered as a GSR and a GP through an association with LPL Financial LLC (LPL), a FINRA member where he is currently associated. Given Spielman's current association with a FINRA member, he remains subject to FINRA's jurisdiction.¹

OVERVIEW

From May 2018 to November 2018, while associated with LPL, Spielman participated in outside business activities involving a marina. Spielman formed a company to purchase the marina and acted as the company's Treasurer and Secretary. After the company purchased the marina, Spielman participated in operating the marina. He expected compensation as a result of sharing in the profits from operating and, eventually, selling

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

the marina. Spielman failed to provide prior written notice to LPL of these outside business activities, and after disclosing the activities to LPL in June 2018, he participated in the outside business activities, while they were unapproved by LPL, until November 2018. As a result, Spielman violated FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a FINRA Rule 4530 filing by LPL.

FINRA Rule 3270 prohibits registered persons from acting as 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 registered representatives to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

During the relevant period, LPL’s written supervisory policies stated, “With prior written approval . . . , registered individuals . . . may be permitted to engage in certain outside business activities Written approval must be issued . . . before engaging in the requested outside business activity.”

In May 2018, Spielman incorporated a company in New York for the purpose of purchasing a marina. He acted as the company’s Secretary and Treasurer. In those capacities, Spielman assisted with the company’s operations.

In June 2018, Spielman, along with several other individuals, purchased a marina in New York through the company. After purchasing the marina, Spielman, participated in operating the marina. Spielman expected compensation as a result of sharing the profits from operating the marina and, eventually, selling it.

In June 2018, after forming the company and purchasing the marina, Spielman requested approval from LPL to participate in these outside business activities. LPL did not initially approve Spielman’s outside business activities and requested that Spielman provide additional information. Spielman did not provide the information requested until November 2018 but continued to participate in his unapproved outside business activities prior to submitting the information. LPL ultimately approved Spielman’s outside business activities involving the marina.

Therefore, Spielman violated FINRA Rules 3270 and 2010.

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

- a one-month suspension from associating with any FINRA member in all capacities, and
- a \$2,500 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

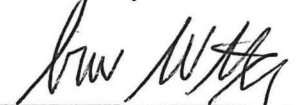
that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

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.

6/22/2022
Date


Kenneth Lawrence Spielman
Respondent


Reviewed by:


Mr. Irwin Wetz, Esq.
Counsel for Respondent
Wetz Kakos Gerbi Wolinetz Volynsky LLP
170 Old Country Road | Suite 310
Mineola, New York 11501

Accepted by FINRA:

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

6/23/2022
Date


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