

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066275801**

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

RE: Ramiro Luis Colon III (Respondent)
General Securities Representative
CRD No. 1868710

Pursuant to FINRA Rule 9216, Respondent Ramiro Luis Colon III 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

Colon first registered with FINRA in 1988. In 2006, he became registered with FINRA as a General Securities Representative, General Securities Principal, and Municipal Securities Principal through his association with FINRA member UBS Financial Services Inc. (CRD No. 8174). In 2007, he also became registered as a General Securities Sales Supervisor. On May 28, 2021, UBS filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on Colon's behalf, stating that the firm terminated him on April 30, 2021. Colon currently remains registered with FINRA through his association with a FINRA member firm.

In September 2015, Colon consented to the SEC's entry of an Order Instituting Administrative Proceedings against him, which contained findings that he violated Section 15(b)(4)(E) of the Securities Exchange Act of 1934 between 2011 and 2013 by failing to reasonably supervise an individual who violated Exchange Act §10(b) and Rule 10b-5, as well as Section 17(a) of the Securities Act of 1933.¹ The SEC found that Colon did not reasonably respond to and investigate a red flag that the individual improperly advised customers to use the proceeds of non-purpose lines of credit to purchase securities. It was ordered that Colon: (1) be suspended from association with, in a supervisory capacity, any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization,

¹ See Ramiro L. Colon, III, Exchange Act Release No. 76014, 2015 SEC LEXIS 4010 (Sept. 29, 2015).

or from participating in an offering of penny stock for a period of 12 months; and (2) pay a civil money penalty in the amount of \$25,000.²

OVERVIEW

From September 2018 through April 2020, while associated with UBS, Colon used an unapproved third-party communication application, WhatsApp Messenger, to communicate with a firm customer about securities-related business. These communications were not preserved as required by Section 17(a) of the Securities Exchange Act of 1934 (the Exchange Act) and Rule 17a-4(b)(4) thereunder. By causing UBS to maintain incomplete books and records, Colon violated FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 4511 requires a broker-dealer to “make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules.” Section 17(a) of the Exchange Act and Rule 17a-4 thereunder require a broker-dealer to maintain and preserve, for a period of not less than three years, all communications sent and received relating to its business. An individual registered representative may violate FINRA Rule 4511 by causing his firm to fail to maintain and preserve books and records, including electronic communications.

FINRA Rule 2010 provides that “[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.” A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

At all times during the relevant period, UBS’s written supervisory procedures provided that electronic business communications could only be transmitted through firm sponsored and authorized systems in order to facilitate the firm’s preservation and supervision of such communications. Colon did not have authorization to communicate with any customer through WhatsApp Messenger, and UBS did not preserve or capture any such communications. From September 2018 through April 2020, however, Colon exchanged hundreds of communications with a customer on WhatsApp Messenger about securities-related business.

Through this conduct, Colon violated FINRA Rules 4511 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

² For more information about the respondent, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

- 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.

6/1/2022
Date

Ramiro Luis Colon III
Ramiro Luis Colon III
Respondent

Reviewed by:

Andrew W. Reich
Sandra Lahens
Andrew Reich
Counsel for Respondent
Lax & Neville LLP
350 5th Ave
New York, NY 10118

Accepted by FINRA:

6/14/22
Date

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

Corinna Provey
Corinna Provey
Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, NY 10281