June 4, 2020

SEC Division of Trading and Markets
Office of Chief Counsel

Dear Ms. Westerberg Russel,

In 2017 I agreed to a consent order with the Nebraska Department of Banking and Finance. I agreed to a fine and suspension of my right to use my Series 7 license for 20 days. My broker-dealer at that time, Chelsea Financial, was notified by FINRA of me being subject to disqualification due to the Nebraska consent order referring to a Statute with a subsection referring to fraud, malpractice or deceptive conduct. (FINRA letter attached).

Nebraska stated that they had no intention of putting me out of business. On the U6 Nebraska answered "no" to question 12. "Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?" After FINRA had notified my broker-dealer of my disqualification the State of Nebraska drafted a letter (attached) confirming that the answer they had put on the U6 was the correct answer they intended to give.
FINRA's RAD legal department did review the letter and U6 but determined that Nebraska's "no" answer and letter were immaterial and didn't override the language in the Statute being referred to in the consent order. Counsel for Nebraska was and is willing to discuss the matter with FINRA but, to my knowledge, FINRA saw no reason to do so.

In March of 2019, I agreed to a consent order with FINRA regarding the same situation. That consent order is attached. The order did not ban me from the industry.

I've attached an article from securities attorney Alan M. Wolper that describes the situation I am in other than the fact of Nebraska's position on the u6. I do realize that the MC-400 filing process is the formal channel to bring my concerns. My former broker-dealer did consider that idea but shied away due to their counsel's advice that the MC400 process doesn't often result in a favorable decision for the BD or rep and that might reflect poorly on them as a broker/dealer.

What I did that lead to my circumstances with Allstate Financial Services (AFS), my broker-dealer at the time, was wrong and I have taken responsibility. I did point out to both Nebraska and FINRA the following:

I do want to emphasize that the genesis of this matter resulted from my having attempted to go above and beyond the minimum requirements imposed upon me by AFS by attempting to obtain updated account documentation even from those Transfer Accounts from whom I had already previously obtained new account documentation although I had no obligation to do so. I believe it is significant in assessing my file that my misconduct arose from attempting to exceed my baseline obligations.

The documents on which I signed my clients' names were new account documents that contained basic biographical information such as names, addresses, phone numbers, and the like. While the paperwork did also include data that could be used to assess the clients' suitability profiles, the forms themselves are fundamentally different from such things as prospectus receipts, product applications or other documents related to things such as purchases and sales of securities. While I am not attempting to excuse my conduct, I believe it is highly relevant that this related to purely administrative forms internal to AFS, and that ***through my actions I did not affect or impact my clients' financial condition, effectuate securities trades or otherwise negatively impact their positions****.*
All of the information on the documents I submitted was mailed to the clients so that they could correct any errors if needed. To my knowledge, no customer complaints were made.

I am writing to you today to ask if there is an opportunity for a waiver of Statutory Disqualification for me from the SEC. I asked FINRA RAD for another review by their legal department as well as pointing out my settlement with the FINRA investigator. FINRA's RAD position/interpretation has not changed. Considering Nebraska's efforts to point out that my situation did not comprise fraudulent, manipulative or deceptive conduct and they stated in writing that I did not "violate any laws or regulations that prohibit fraudulent, manipulative or deceptive conduct, I felt I had a story worth at least asking your department about. If there is no possibility of a waiver the remaining portions of this letter are not germane. If there is any possibility of relief I have provided some additional information below.

Due to concerns about privacy at the time, I did leave out of my statements to both Nebraska and FINRA what I believe to be a major mitigating factor. I was licensed with FINRA from 1994 until 2017 and had no previous violations and no client complaints. I owned a medium-size property and casualty insurance agency and through that agency also worked with clients on mutual fund and stock accounts. I was self-employed in that capacity. During that period I managed my business around several personal health conditions, most notably, . The condition is a that leaves me I am on and am not yet 50 years old. In early November 2016, I was asked by AFS to send in copies of AFS new account documentation on approximately 150 mutual fund accounts that they did not have in their files. Most of the documents they were missing had been accounts I moved to AFS in a block transfer in 2001. At the time, in 2001, AFS did not require the new account documentation for those accounts. Over the years between 2001 and 2016 I had completed new account documentation (essentially fact finders) for most of those clients during reviews. When AFS asked to send in copies of what I had I replied that I would attempt to get brand new paperwork for these clients as that would allow an opportunity to review accounts with the clients.

Roughly one week into November 2016 we began having some serious issues with

In an attempt to protect the family without revealing her condition to the world we took on a lot ourselves without asking friends and relatives for help.

When I could most use extra energy I become

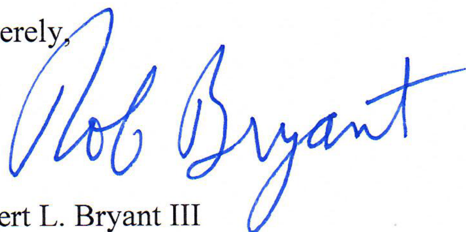
In January 2017, realizing I had gotten very few meetings done with clients due to limited work hours I asked AFS for an extension. They did give me an extra 2 weeks (moving the deadline from Jan 15th to Jan 31).

It was in the context of the difficult personal situation that I panicked and added signatures to New Account Documents to meet a deadline. The idea of signing a client's name to anything is not something that had ever crossed my mind before this. My action was not only wrong I believe that the following shows it was also irrational.

1. I forgot I could have turned in the older signed paperwork I had for most of these clients instead of getting new. The idea of getting new paperwork had been mine but I forgot that and thought it was required.
2. Not thinking through the fact that this paperwork could have been turned in at any time in the future and that the deadline was just a point in time where Allstate would do a mailing to any clients without the paperwork in their files simply asking for them to complete the forms.
3. Not realizing I could have updated the paperwork I had by completing an account update form which doesn't even require a client signature.
4. Not stopping to consider that there were no consequences, economic or otherwise, for me not getting these forms completed.

My situation is of my own doing. My family and I have paid a very heavy and I believe a disproportionate price. I had to sell my insurance agency and give up my financial business. The legal costs have eaten up a lot of our savings. My employment prospects are already hampered by my health but are made even worse by the disclosures of my actions.
If there is any opportunity for relief via a waiver or if you have any suggestions I would appreciate it.

Sincerely,



Robert L. Bryant III

Road
Lincoln, NE 68516

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017054741201

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

RE: Robert L. Bryant III, Respondent
CRD No. 2494572

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Robert L. Bryant III ("Bryant" or "Respondent"), submit 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Bryant entered the securities industry in May 1994 and has been associated with several FINRA-regulated broker-dealers. In September 2001, Bryant became associated as a General Securities Representative with Allstate Financial Services, LLC ("Firm"), a FINRA-regulated broker-dealer. In June 2017, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting that Bryant's association with the Firm had been terminated, effective June 15, 2017, because of "non-genuine signatures on brokerage account documentation."

Although Bryant is no longer registered or associated with a FINRA-regulated broker-dealer, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

In September 2017, Bryant entered into a consent order with the Nebraska Department of Banking and Finance related to the conduct described herein,

pursuant to which Bryant consented to a 20-day suspension and two-year period of heightened supervision and agreed to pay a $1,000 fine and $1,000 payment of costs.

OVERVIEW

In January and February 2017 (the "Relevant Period"), while associated with the Firm, Bryant forged signatures on updated New Account Documents ("NADs") for nine of his existing Firm customers, in violation of FINRA Rule 2010. As a result of this conduct, Bryant also violated FINRA Rules 4511 and 2010, by causing the Firm to create and maintain inaccurate books and records in violation of Section 17(a) of the Exchange Act and Rule 17a-3, promulgated thereunder.

FACTS AND VIOLATIVE CONDUCT

Forgery of Firm Documents

FINRA Rule 2010 provides that members, in the conduct of their business, shall observe high standards of commercial honor and just and equitable principles of trade. Members who forge signatures on documents violate FINRA Rule 2010.

In November 2016, the Firm requested that Bryant obtain updated new account documents related to mutual funds in approximately 157 of his customer accounts. The Firm gave Bryant until January 31, 2017 to submit the missing updated documents.

During the course of complying with the Firm's request, in January and February 2017, Bryant signed client names on missing updated new account documents for nine of his Firm customers. Bryant did not receive authorization or consent from any of the nine customers to affix their signatures to the documents. Subsequently, Bryant submitted the documents containing the nine forged customer signatures to the Firm.

As a result of the foregoing, Bryant violated FINRA Rule 2010.

Causing the Firm to Maintain Inaccurate Books and Records

FINRA Rule 4511 requires members to make and preserve books and records as required under the FINRA rules, the Securities Exchange Act of 1934 ("Exchange Act") and the applicable Exchange Act rules. A violation of FINRA Rule 4511 also violates FINRA Rule 2010.

Under Section 17(a) of the Exchange Act and Rule 17a-3, promulgated thereunder, broker-dealers are required to make and preserve records related to customer accounts. Implicit in the requirement to make and keep records is the requirement to do so accurately.

The nine updated new account documents for whom Bryant signed customer names were customer account records that the Firm was required to make and keep under the Exchange Act. These records were inaccurate because the signatures were not genuine and therefore the customer had not in fact reviewed and approved the documents.

As a result of the foregoing, Bryant violated FINRA Rules 4511 and 2010 by causing the Firm to make and preserve inaccurate records in violation of Section 17(a) of the Exchange Act and Rule 17a-3, promulgated thereunder.

B. I also consent to the imposition of the following sanctions:

i. A three-month suspension from association with any FINRA member in any capacity; and

ii. a $5,000 fine.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a Complaint issued specifying the allegations against me;

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, I specifically and voluntarily waive 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 acceptance or rejection of this AWC.

I further specifically and voluntarily waive 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

I understand 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 me; and

C. If accepted:

1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;

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 the subject matter thereof in accordance with FINRA Rule 8313; and

4. I 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. I 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 my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

____
Date (mm/dd/yyyy)

____
Respondent

Reviewed by:

____

Scott Matasar
Matasar Jacobs LLC
1111 Superior Avenue
Suite 1355
Cleveland, OH 44114
Tel: (216) 453-8180

Accepted by FINRA:

____
Date

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

____

Min Choi
Senior Counsel
FINRA Department of Enforcement
15200 Omega Drive, Suite 300
Rockville, MD 20850
Telephone: (301) 258-8591
Facsimile: (202) 721-6590

ELECTION OF PAYMENT FORM

I intend to pay the fine set forth in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

☐ A personal, business or bank check for the full amount;

☐ Wire transfer;

☐ Credit card authorization for the full amount;[1] or

☐ The installment payment plan (only if approved by FINRA staff and the Office of Disciplinary Affairs).[2]

Respectfully submitted,

__________________________ _______________________________________

Date Respondent

---

[1] You may pay a fine of $50,000.00 or less using a credit card. Only Mastercard, Visa and American Express are accepted for payment by credit card. If this option is chosen, the appropriate forms will be mailed to you, with an invoice, by FINRA's Finance Department. Do not include your credit card number on this form.

[2] The installment payment plan is only available for fines of $5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. You must discuss these terms with FINRA staff prior to requesting this method of payment.

NEBRASKA

Good Life. Great Opportunity.

DEPARTMENT OF BANKING AND FINANCE

Pete Ricketts, Governor

October 27, 2017

John Pisapia
Chelsea Financial Services
242 Main Street
Staten Island, NY 10307

Dear Mr. Pisapia:

On September 6, 2017, the Nebraska Department of Banking and Finance ("Department") and Robert L. Bryant, III entered into a Consent Order. On September 8, 2017, the Department filed a Form U-6 on the Central Registry Depository. The Department has determined that the Form U-6 accurately reflects the terms of the Consent Order, including the Department's answer in response to Question #12.

If you have further questions, feel free to contact me at your convenience.

Sincerely,

Michael W. Cameron
Legal Counsel

cc: JL Spray

RECEIVED 10.30.17

Department of Banking and Finance
1526 K Street - Suite 300, PO Box 95006
Lincoln, Nebraska 68509 USA

ndbf.nebraska.gov

An Equal Opportunity Employer

Mark Quandahl, Director
Main 402-471-2171 Fax 402-471-3062

September 29, 2017

Sent via certified mail and email to JPISAPIA@CHFS.com

John Pisapia
Chelsea Financial Services
242 Main Street
Staten Island, NY 10307

Re: Robert Bryant, CRD # 2494572

Dear John Pisapia,

Financial Industry Regulatory Authority (FINRA) has determined that Robert Bryant, a person associated with your firm, is subject to a disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934. The disqualification arises from the Findings of Fact, Conclusions of Law and Consent Order issued by the State of Nebraska Department of Banking & Finance dated September 6, 2017, which found that Mr. Bryant violated Section 8-1102(1) of the Securities Act of Nebraska and suspended his registration for twenty business days.

Generally, no person who is, or who becomes, subject to a disqualification shall associate, or continue association, with a FINRA member unless the member requests and receives written approval from FINRA. The process for requesting such approval is referred to as the Membership Continuance process.

To initiate the Membership Continuance process, the member must send the following to **Evan Weidner at SDGroup@finra.org or FINRA, 9509 Key West Avenue, Rockville, MD 20850 no later than October 18, 2017:**

1. A completed MC-400 Application; and

2. A written authorization for FINRA to deduct the non-refundable MC-400 processing fee of $1,500, and if required, the eligibility hearing fee of $2,500 from the firm's CRD Daily Account. For information on how to fund your CRD Daily Account by check, wire transfer or E-Bill, please visit our web site or contact the Gateway Call Center at 301-590-6500.

In connection with the Membership Continuance proceeding, the member will be required to provide proof that the disqualified individual is covered by the firm's fidelity bond. In addition, if the association is approved, FINRA will conduct periodic special examinations for the duration of the individual's statutory disqualification, for which FINRA will assess the member an annual fee of $1,500.

If the firm declines to pursue the Membership Continuance process, it should immediately terminate its association with this individual, and notify FINRA in writing, at the above address, of the termination by October 18, 2017. The firm must submit the Form U5 Termination Notice or an amended NRF, as applicable, to CRD within 30 days after the termination.

***PLEASE NOTE:* Failure to timely file the written request for relief or MC-400 application, could result in a revocation of the registration of the disqualified person unless the Department of Member Regulation grants an extension *for good cause* (see FINRA Rule 9522). You may direct any questions about this process to Lorraine Lee-Stepney, Manager, FINRA's Statutory Disqualification Program at (202) 728-8442 or SDMailbox@FINRA.org.**

For more information about our statutory disqualification and Membership Continuance process or to obtain a copy of the MC-400 application, please visit our web site: http://www.FINRA.org/sdprocess.

We anticipate your firm's response no later than October 18, 2017. If you have any questions regarding the above information, please contact the undersigned at 240-386-5341.

Sincerely,

Evan Weidner
Regulatory Review Analyst
Registration and Disclosure
FINRA

cc: Evelyn Kriegel, Deputy District Director
FINRA, District #10 - Long Island

Lorraine Lee-Stepney, Manager, Statutory Disqualification
FINRA, Member Regulation

Paul Carroll, Regulatory Coordinator
FINRA, Member Regulation

Robert Bryant
[redacted] Rd
Lincoln, NE 68516

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:	)	
	)	
Robert L. Bryant, III	)	FINDINGS OF FACT
[redacted] Road	)	CONCLUSIONS OF LAW
Lincoln, Nebraska	)	AND
	)	CONSENT ORDER
CRD No. 2494572	)	

THIS MATTER comes before the Nebraska Department of Banking and Finance ("Department"), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2012; Cum. Supp. 2016) ("Act"). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the Department has investigated the acts of Robert L. Bryant, III, 5945 Cross Creek Road, Lincoln, Nebraska ("Bryant"). As a result of such investigation, and being fully advised and informed in the matter, the Director and Bryant enter into the following Findings of Fact, Conclusions of Law and Consent Order ("Order").

FINDINGS OF FACT

1. Between September 28, 2001, and June 20, 2017, Bryant was registered in Nebraska as an agent of Allstate Financial Services, Inc., ("AFS") a broker-dealer registered in Nebraska.

2. On or about June 20, 2017, AFS submitted a Form U5, Uniform Termination Notice for Securities Industry Registration ("Form U5"), terminating Bryant's employment with AFS. The Form U5 stated that Bryant was being terminated for "non-genuine signatures on brokerage account documentation."

3. On July 13, 2017, Bryant submitted a Form U4, Uniform Application for Securities Industry Registration or Transfer ("Form U4"), seeking to register as an agent of Chelsea Morgan

Securities, Inc., d/b/a Chelsea Financial Services ("Chelsea"). The Form U4 contained an affirmative answer to Question #14(J)(1) which states, "Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of violating investment-related statutes, regulations, rules, or industry standards of conduct?"

4. An affirmative answer to this question requires the filing of a Disclosure Reporting Page ("DRP"). Bryant's explanation in the DRP for the AFS termination was that he was "(d)ischarge(d) after allegations of non-genuine signatures on brokerage account documentation."

5. Bryant acknowledged to the Department that he had signed customer signatures on five New Account Documents.

6. Chelsea and Bryant have entered into a Heightened Supervision Agreement ("Agreement") regarding Bryant's registration with Chelsea. A copy of the Agreement is attached as Exhibit 1, hereto.

CONCLUSIONS OF LAW

1. The facts set forth in Findings of Fact Nos. 3 through 5 above constitute a violation of Neb. Rev. Stat. S 8-1102(1) (Reissue 2012).

2. Neb. Rev. Stat. § 8-1103(9)(a)(vii) (Reissue 2012) provides, in part, that the Director may by order suspend the registration of any registrant or impose a fine pursuant to Neb. Rev. Stat. § 8-1108.01(4) (Reissue 2012) on a registrant based upon the findings herein.

3. Neb. Rev. Stat § 8-1103(4)(d) (Reissue 2012) provides that the Director may restrict or limit an application as to any function or activity in this state for which registration is required under the Act.

4. Neb. Rev. Stat. § 8-1108.01(4) (Reissue 2012) provides that the Director may, after giving reasonable notice and an opportunity for a hearing under this section, impose a fine not to

exceed twenty-five thousand dollars per violation, in addition to costs of the investigation, upon a person found to have engaged in any act or practice which would constitute a violation of the Act or any rule, regulation, or order issued under the Act.

5. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

6. It is in the best interest of Bryant, and it is in the public's best interest, for Bryant and the Director to resolve the issues included herein.

STIPULATIONS

In connection with this Order, Bryant and the Director stipulate to the following:

1. The Department has jurisdiction as to all matters herein.

2. An Order should be entered in this matter, which shall be in lieu of other proceedings by the Department against Bryant, except as specifically referenced in this Order.

Bryant further represents as follows:

1. Bryant is aware of his right to a hearing on this Order at which he may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing and any related appeal on all matters covered by this Order, is irrevocably waived.

2. Bryant is acting free from any duress or coercion of any kind or nature.

3. Without admitting or denying the findings herein, Bryant acknowledges that this Order is executed to avoid further proceedings and any findings of violations of the Act are solely for purposes of this Order and for no other purposes.

CONSENT ORDER

IT IS THEREFORE ORDERED as follows:

1. Bryant shall pay a fine in the amount of One Thousand Dollars ($1,000.00) for his violation of the Act.

2. Bryant shall reimburse the Department for the costs of the investigation in the amount of One Thousand Dollars ($1,000.00).

3. Bryant shall pay the total of the fine and costs assessed pursuant to this Order in the amount of Two Thousand Dollars ($2,000.00) by check or money order, payable to the Nebraska Department of Banking and Finance, within fifteen days of the effective date of this Order.

4. Upon payment of the fines and costs, Bryant's registration in Nebraska shall be approved. Such registration shall be immediately suspended for twenty business days.

5. Bryant shall abide by the terms of the Heightened Supervision Agreement for two years from the effective date of this Order.

6. In the event that Bryant fails to comply with any of the provisions of this Order, the Department may commence such action as it deems necessary and appropriate in the public interest.

7. If, at any time, the Department determines that Bryant has committed any violations of the Act, the Department may take any action available to it under the Act.

8. The effective date of this Order will be the date of the Director's signature.

DATED this 6 day of September 2017.

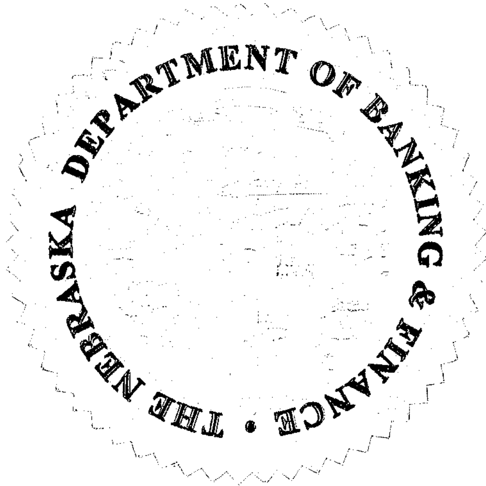
ROBERT L. BRYANT, III

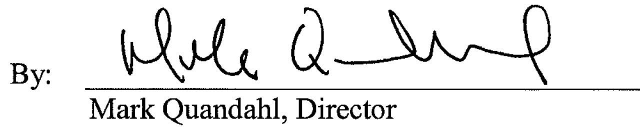
By: Robert L. Bryant, III
Robert L. Bryant, III

Road
Lincoln, Nebraska 68156

DATED this 6 day of Sept, 2017.

STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE



By: 

Mark Quandahl, Director

1526 K Street, Suite 300
Lincoln, Nebraska 68508
(402) 471-2171

HEIGHTENED SUPERVISION FORM

Employee Name: Robert Bryant CRD#2494572

Designated Supervisor: Christopher Vetrano CRD#2476447

Begin Date: July 19, 2017 End Date: July 19, 2020

Chelsea Financial Services has taken the CRD disclosure history of Robert Bryant into consideration and have determined that the following heightened supervision is appropriate.

Terms of Heightened Supervision:

Christopher Vetrano will:

Perform a review of Robert Bryant's daily trade blotter to ensure that trades are consistent with the client's investment objective. This review will be evidenced in writing;

Review the daily commission exception report to see if commissions charged are in excess of Hilltop Securities' standard commission charges. This review will be evidenced in writing;

Review the monthly statements for account turnover and account value decreases;

Review all extensions, trade corrections and liquidations, because extensions, trade corrections and liquidations may be a sign of compliance problems. Christopher Vetrano will investigate and follow up if necessary;

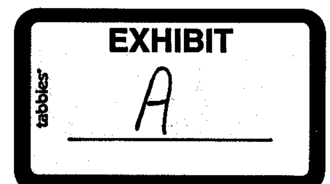
Each month contact a random sample of customers who submitted paperwork to ensure that signatures are genuine, and keep a log of customers that were contacted.

Review all incoming and out going correspondence;

Monitor and review any customer complaint received by the firm against Robert Bryant;

Attest in writing on a monthly basis that he has performed his supervisory responsibilities designated by this heighten supervision agreement;

Perform a Heightened Supervision review at the conclusion of the term to determine what further action is necessary.



Robert Bryant Will:

Abide by all terms of this heightened supervision;

Promptly forward all incoming correspondence received;

Promptly forward a copy of any outgoing correspondence sent to customers;

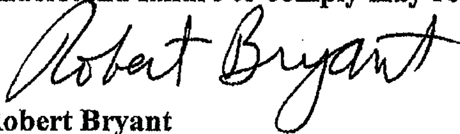
Promptly forward any complaint received;

Fully participate in the Chelsea Financial Services firm element continuing education plan;

Execute a monthly attestation confirming that all paperwork submitted contains genuine signatures;

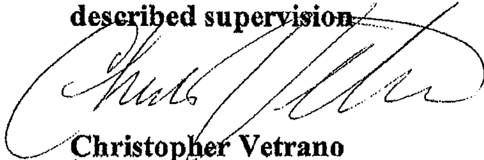
Execute a monthly attestation that copies of all correspondence (incoming and outgoing) and all complaints have been forwarded to Christopher Vetrano;

I understand and agree to comply with the above-described procedures. I also understand failure to comply may result in immediate termination.



Robert Bryant

I understand and agree to accept the responsibility of performing the above-described supervision.



Christopher Vetrano

Don't Get Egg On Your Face!
Ensure That Your Settlement With A State Regulator Does Not Result In Inadvertent Statutory Disqualification

Alan M. Wolper
Locke Lord Bissell & Liddell LLP
Atlanta, Georgia

INTRODUCTION

My son, like most teenage boys, spends his fair share of time (read that "every waking minute") devoting himself to achieving higher and higher skill levels in the video games he received for Christmas that make Pac-Man and Asteroids – the games into which I poured my share of quarters way back when – seem as quaint and unsophisticated as an 8-track tape player. For reasons that are unclear to me, perhaps, their own amusement, the people who program modern games often hide within the millions of lines of code "easter eggs," clever little surprises, such as a new and better weapon, that are revealed, typically, by pressing some complex sequence or combination of buttons. Based on my limited research, it seems that the discovery of such easter eggs is a happy event; indeed, entire websites are devoted to sharing the well hidden locations of easter eggs.

FINRA, unfortunately, has a different view of easter eggs. Sadly, buried among the dozens and dozens of pages of the July 2007 amendments to NASD's By-Laws that were necessitated by NASD's consolidation with NYSE Regulation, is one easter egg that, when accidentally discovered, will not bring a smile to anyone's face. The amendment in question served to change the definition of 'Statutory Disqualification.' As a result of this seemingly modest amendment, which, interestingly, had nothing whatsoever to do with the consolidation, it has become much more difficult for individuals and firms who have been charged with violations of state securities laws to resolve those charges without the need for an evidentiary hearing.

Why? Like most attorneys who defend broker-dealers and registered representatives who have been named as respondents by a state securities commissioner, up until July 2007 I often resolved the charges through the use of a Consent Agreement. The Agreement would include a recitation that some provision of the state law had been violated, and, sometimes, to avoid a large (or, sometimes, any) monetary sanction, an agreement by the respondent permanently to cease conducting business in that particular state. Prior to the amendment in question, such Consent Agreements did not prevent the respondent from remaining a member, or associating with a member, of NASD. All of that changed with FINRA's easter egg. Now, as a result of the new definition of 'Statutory Disqualification,' such a Consent Agreement may result in the respondent's inadvertent statutory disqualification. Therefore, any such Consent Agreement should be carefully considered in light of the amended definition.

STATUTORY DISQUALIFICATION UNDER THE OLD NASD RULE

Disqualification is pretty much what the common definition of the word implies: once you are disqualified, you are out of the game. Statutory Disqualification simply means that there are certain events, defined in the statute, that will render one disqualified. Article III, Section 3 of FINRA's By-Laws provides that no member shall be continued in membership if it becomes subject

to disqualification; and that no person shall be associated with a member, continue to be associated with a member, or transfer association to another member if such person is or becomes subject to disqualification. Generally, a person subject to disqualification may not associate with a FINRA member in any capacity unless and until approved in an Eligibility proceeding, which is a long, difficult and expensive proposition, and which comes with only a very small likelihood of success. *See* Article III, §§ 3(b) and 3(d). Accordingly, disqualification should, for the most part, be considered permanent and final.

Prior to July 30, 2007, Article III, Section 4 of NASD's By-Laws provided that a person was subject to disqualification with respect to membership, or association with a member if such person fell into any of a number of specifically enumerated categories listed in the rule. This rule, while very similar to the § 3(a)(39) of the Securities Exchange Act of 1934 (15 U.S.C. § 78a, et seq.) (the "Exchange Act"), had two significant differences: according to NASD a respondent was **not** statutorily disqualified as a result of being "subject to any final order of a State securities commission… that…(1) bars a person from association with an regulated by such commission…or…(2) constitutes a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct." §§ 3(a)(39) and 15(b)(4)(H) of the Securities Exchange Act of 1934. Thus, a registered representative facing a state investigation into an alleged violation of state securities laws could safely resolve that investigation by entering into an agreement with the state consenting to findings of state law violations and significant sanctions without affecting his or her standing as an associated person of an NASD member.

STATUTORY DISQUALIFICATION UNDER THE NEW FINRA RULE

Under the new definition of 'Statutory Disqualification' in FINRA's By-Laws, the laundry list of events triggering statutory disqualification was replaced with a single sentence: "A person is subject to a 'disqualification' with respect to membership, or association with a member, if such person is subject to any 'statutory disqualification' as such term is defined in Section 3(a)(39) of the Act." The danger with this definition, as amended, is that the import of the change is not immediately apparent unless the By-Law is read in conjunction with two additional statutes.

The starting point is Section 3(a)(39)(F) of the Exchange Act, which provides, among other things, "[a] person is subject to a 'statutory disqualification' with respect to membership or participation in, or association with a member of, a self-regulatory organization if such person . . . has committed . . . any act, or is subject to an order or finding, enumerated in subparagraph (D), (E), (H) or (G) of paragraph (4) of section 15(b)."

The pertinent subparagraph of section 15(b) that a respondent who is considering a Consent Agreement to settle with a state needs to worry about is (H), which states as follows:

> is subject to ***any final order of a State securities commission*** (or any agency or officer performing like functions) . . . that --
>
> (i) bars such person from association with an entity regulated by such commission, authority, agency, or officer, or from engaging in the business of securities, insurance, banking, savings association activities or credit union activities; or

(ii) constitutes a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct." (emphasis added).

AVOIDING INADVERTENT STATUTORY DISQUALIFICATION

Under the new definition, therefore, to avoid being declared statutorily disqualified, a respondent cannot sign a Consent Agreement with a state that includes a bar or a finding of a violation of any state laws or regulations that "prohibit fraudulent, manipulative, or deceptive conduct." § 15(B)(4)(H). Unfortunately, as noted above, Consent Agreements respondents typically use to effect settlements with states include one, or both, such provisions. The result – a settlement with a single state that inadvertently renders the respondent disqualified from doing any business with anyone anywhere – can be devastating.

Therefore, before signing any agreement that includes a finding of any violation of any state securities law or regulation, or a sanction that includes a willingness to have one's state registration cancelled permanently, be sure to keep in mind FINRA's new definition of Statutory Disqualification. The amended definition also affects the obligations of member firms. Under FINRA Conduct Rule 3010(e), a member firm is obliged to ascertain by investigation the good character, business reputation, qualifications and experience of a job applicant before the firm applies to register that applicant with FINRA. Thus, the member firm must pay careful attention to an applicant's answers to Question 14D(2) on Form U-4, which elicits information about state regulatory actions, to determine whether an applicant is subject to any final order of a State securities commission that would render him disqualified. Significantly, while orders barring an applicant from engaging in business are easy to identify, orders that constitute findings of "violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct" can be more complicated, and certainly less obvious. At a minimum, it is safe to say that member firms should carefully consider the impact of hiring someone who is subject to any final order from a state securities commission that arguably falls into that category.