

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

(Review of Action Taken by FINRA NAC)

IN RE: JOSHUA CALTRIDER

(CRD #6087643)

File No. \_\_\_\_\_

**APPLICATION FOR REVIEW**

Pursuant to Section 19(d) of the Securities Exchange Act of 1934, 15 U.S.C. §78s(d), Applicant Joshua Caltrider (“Caltrider”), through his counsel, submits this application for review of the decision of the Waiver Subcommittee of FINRA’s National Adjudicatory Council, denying the examination waiver request for Caltrider’s Series 7 examination (“Application”). The record does not support the specific grounds upon which FINRA based its denial of the waiver request. Rather, the record demonstrates that Caltrider qualifies for an examination waiver for his Series 7 examination because his registration lapsed as a result of an inadvertent filing error. Further, Caltrider’s 12 years of experience in the securities industry qualify him for an examination waiver. The Commission should set aside the decision of the Waiver Subcommittee of FINRA’s National Adjudicatory Council and grant the Waiver Request.

**I.**

On May 24, 2024 FINRA Member Firm Purshe Kaplan Sterling Investments (“PKS”) (CRD#: 35747) submitted a FINRA Exam Waiver Request on behalf of Caltrider, requesting waiver of the Series 7 qualification examination (“Waiver Request”).<sup>1</sup> The Waiver Request falsely stated that “[w]e also checked the business that has been submitted to the firm from 4/2019-Present. The only business Mr. Caltrider submitted was business that only require a S6.”<sup>2</sup> Caltrider

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<sup>1</sup> Appx. at 7-8.

<sup>2</sup> Appx. at 8.

was not aware that PKS was making this misrepresentation until after it had already occurred. Following initial denial of the Waiver Request, Caltrider submitted a Notice of Appeal on June 4, 2024 pursuant to FINRA Rule 9630.<sup>3</sup> By decision dated October 17, 2024, the Waiver Subcommittee of FINRA's National Adjudicatory Counsel ("FINRA") affirmed the denial of the Waiver Request.<sup>4</sup> Caltrider, through his counsel, requested reconsideration of FINRA's decision by letter dated January 17, 2025.<sup>5</sup> In that letter, Caltrider made clear to FINRA that PKS' initial Waiver Request, unbeknownst to Caltrider, misrepresented the nature of the business he had been conducting. Nonetheless, by letter dated April 17, 2025, FINRA reaffirmed its decision denying the Waiver Request.<sup>6</sup> Caltrider submits this Application within thirty days of the date of FINRA's April 17, 2025 notice of its decision reaffirming its denial of the Waiver Request, pursuant to Section 19(d) of the Securities Exchange Act of 1934, 15 U.S.C. §78s(d).

## II.

FINRA Rule 1210.03 provides that, in exceptional cases and where good cause is shown, FINRA may waive the applicable qualification examination for an applicant and accept other standards as evidence of an applicant's qualifications for registration. Here, the record demonstrates that Caltrider qualifies for an examination waiver for his Series 7 examination because (1) the expiration of Caltrider's Series 7 registration was the result of an inadvertent filing error by PKS; (2) he has since been operating under the good-faith belief that he was appropriately registered; (3) Caltrider's unbroken string of experience in the securities industry qualifies him for a waiver; and (4) Caltrider has taken all necessary Series 7 continuing education and FINRA has

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<sup>3</sup> Appx. at 152-53.

<sup>4</sup> Appx. at 198-201.

<sup>5</sup> Appx. at 202-05.

<sup>6</sup> Appx. at 206-07.

accepted all fees. Having accepted those payments, FINRA effectively agreed that Caltrider had his Series 7 license.

#### **A. Registration Filing Error**

The Waiver Guideline applicable to a filing error provides that FINRA may grant a waiver to an individual who has been functioning in good faith in the securities industry and believes himself to be properly registered, but whose application forms had been incorrectly filed and are therefore not reflected in the CRD.<sup>7</sup> The Waiver Guideline requires that the “firm(s) involved document the nature of the filing error” as well as evidence showing the individual’s “good faith” belief, notwithstanding the filing error, that he or she was appropriately registered.<sup>8</sup>

#### ***Caltrider’s Registration Lapsed Due to PKS’s Error in Completing Form U-4***

Caltrider previously took and passed the Series 7 examination on August 10, 2012 (Enrollment ID #26864750).<sup>9</sup> He maintained and operated under his Series 7 license while employed at Morgan Stanley (CRD#: 149777) from 2012 through 2019.<sup>10</sup> In April 2019, Caltrider’s employment with Morgan Stanley ended, and he immediately began working in good faith as a representative of Americana Partners (CRD#: 301354) and PKS. At this time, Caltrider intended to transfer all of his licenses, including his Series 7 license, from Morgan Stanley to PKS. In completing the Form U-4 for Caltrider, however, PKS—not Caltrider—listed only a Series 6 registration, and failed to check the box confirming his Series 7 registration.<sup>11</sup> This was, as

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<sup>7</sup> FINRA Qualification Exam Waivers and Exemptions, *available at* <https://www.finra.org/registration-exams-ce/qualification-exams/exam-waivers-and-exemptions> (last visited May 16, 2025).

<sup>8</sup> *Id.*

<sup>9</sup> Appx. at 197.

<sup>10</sup> *See* Appx. at 9, 21.

<sup>11</sup> Appx. at 14.

admitted by PKS, in error.<sup>12</sup> Specifically, in a May 30, 2024 email, PKS's Chief Compliance Officer confirmed this error on the part of PKS:

The U-4 lists the S6, but for 7 years prior Josh had his S7 held at Morgan Stanley until he registered with PKS. It seems unlikely that a person would reduce their FINRA qualification from the 7 to a 6 UNLESS an error was made which is the case here. I believe there may have also been some haste involved with Josh's registration, in that case it's easy to made an error such as this when you are working under duress.<sup>13</sup>

As further confirmation that PKS's act of listing Series 6 as opposed to Series 7 was an inadvertent filing error and not intentional, PKS paid Caltrider as though he was Series 7 registered, paying commissions for no fewer than six separate private placements offered by private equity funds from Morgan Stanley while Caltrider was at PKS.<sup>14</sup>

***Caltrider has been Operating in a Good-Faith Belief that He was Properly Registered***

Since beginning work for Americana Partners and PKS, and as confirmed by both Americana Partners and PKS, Caltrider has, in good faith, engaged in the securities business, including as a representative of a broker-dealer.<sup>15</sup> Caltrider reasonably believed he was registered, as confirmed by his continued maintenance of the necessary qualifications and continuing education standards to maintain the Series 7 registration during the time when his Series 7 registration had lapsed.<sup>16</sup> FINRA also continued to accept the continuing education fees paid by Caltrider.

Further, each time Caltrider accessed FINRA's FinPro website, FinPro reflected that he continued to maintain his Series 7 registration—at no point between 2019 and April 2024 did

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<sup>12</sup> Appx. at 9.

<sup>13</sup> Appx. at 9. *See also* Appx. at 5.

<sup>14</sup> Appx. at 56, 58-62, 68, 72-74, 85, 89, 97-101, 104, 115, 119-21, 123, 136, 139-40, 143, 148-49. Relevant entries are highlighted in the Appendix for ease of reference.

<sup>15</sup> Appx. at 5.

<sup>16</sup> Appx. at 5, 150-51.

FINRA's CRD platform reflect that Caltrider's Series 7 registration had lapsed. Additionally, Caltrider has paid, and FINRA has accepted, the fees for maintaining his Series 7 registration during the period it had lapsed.<sup>17</sup> It was not until Caltrider applied to take the Series 24 examination that he was notified his Series 7 registration had lapsed.

Thus, the lapse of Caltrider's Series 7 registration was a result of a filing error. No one—not Caltrider, PKS, or even FINRA itself—had any indication that Caltrider was *not* properly registered until April of 2024, when Caltrider applied to take a supervisory exam and the filing error was discovered by someone within FINRA. Under the Waiver Guidelines pertaining to a filing error, Caltrider qualifies for a waiver of the Series 7 examination.

## **B. Securities Industry Experience**

The Waiver Guidelines provide a non-exhaustive list of factors that FINRA considers in determining whether to grant a waiver request based on applicant's industry experience, including (1) the length and quality of the applicant's securities industry experience or professional experience in investment-related fields; (2) the specific registration the applicant requests requested and type of business to be conducted; (3) the applicant's previous registration history; and (4) the nature of the applicant's disciplinary, regulatory and criminal history.<sup>18</sup> Consideration of each of these factors all support Caltrider's Waiver Request, as all four factors weigh heavily in support of a waiver.

Caltrider has been employed in the securities industry for over 12 years, first working at Morgan Stanley from 2012 to 2019, and subsequently at Americana Partners and PKS beginning

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<sup>17</sup> See Appx. at 5.

<sup>18</sup> FINRA Qualification Exam Waivers and Exemptions, *available at* <https://www.finra.org/registration-exams-ce/qualification-exams/exam-waivers-and-exemptions> (last visited May 16, 2025).

in 2019.<sup>19</sup> He continues to work at Americana Partners to this date, and has never left the securities industry or left his role as a general securities representative and Investment Advisor Representative. Indeed, since the date of his successful completion of the Series 7 examination in August 2012, Caltrider's duties as a registered representative and as an Investment Advisor Representative have remained largely identical.<sup>20</sup>

As a general securities representative, Caltrider analyzes clients' financial situations, investment objectives, risk tolerance, and liquidity needs to recommend suitable investment products and strategies.<sup>21</sup> Further, he is responsible for conducting due diligence on investment opportunities and disclosing material risks, costs, and conflicts of interest.<sup>22</sup> He is also responsible for executing buy and sell orders for stocks, bonds, mutual funds, and other securities in client accounts, monitoring client portfolios and providing ongoing advice as markets and circumstances change.<sup>23</sup>

As an Investment Advisor Representative, Caltrider is responsible for conducting analysis of clients' financial situations, investment objectives, risk tolerances, and liquidity needs to recommend suitable investment strategies and asset allocations.<sup>24</sup> He also completes periodic portfolio reviews to ensure alignment with objectives and provide advice on potential adjustments, and performs due diligence on investment products, managers, and strategies prior to recommendation or implementation.<sup>25</sup>

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<sup>19</sup> See Appx. at 5, 21, 153.

<sup>20</sup> Appx. at 153.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

Indeed, relying on the representation that he was appropriately registered as a Series 7 representative, Caltrider has continuously sold the products which FINRA has indicated the Series 7 qualifies a registrant to sell (*i.e.*, public offerings or private placements of corporate securities (stocks and bonds); rights; warrants; mutual funds; money market funds; unit investment trusts; REITS; asset-backed securities; mortgage-backed securities; options; options on mortgage-backed securities; municipal securities; government securities; repos and certificates of accrual on government securities; direct participation programs; variable contracts; ETFs; and hedge funds). Specifically, the record reflects commissions paid Caltrider for private placements offered by private equity funds from Morgan Stanley while Caltrider was at PKS. Those private equity funds include: North Haven Capital Partners VI, PECO – Private Equity Co-Investment Opportunities, PE Premier BCP VII, Blackstone Real Estate Debt Strategies III, BX Tac Opps II, and Blackstone Energy Partners II.<sup>26</sup>

For the duration of his career as a registered professional for these firms, Caltrider has *no* disciplinary, regulatory, criminal history, or arbitration awards.<sup>27</sup> His record is spotless. In addition to previously taking and passing the Series 7, Caltrider has taken and passed, other exams, including the SIE, Series 66, and Series 6TO examinations.<sup>28</sup> He continues to maintain each of these licenses.<sup>29</sup> Caltrider also maintains an SRO registration with FINRA, and state registrations in Arkansas, Texas, and Oklahoma.<sup>30</sup>

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<sup>26</sup> Appx. at 56, 58-62, 68, 72-74, 85, 89, 97-101, 104, 115, 119-21, 123, 136, 139-40, 143, 148-49. Importantly, Series 6 authorizes representatives to sell investment company and variable contracts, such as mutual funds and variable annuities, but it does not empower registrants to engage in private equity products.

<sup>27</sup> Appx. at 153.

<sup>28</sup> Appx. at 153, 197.

<sup>29</sup> Appx. at 153.

<sup>30</sup> *Id.*

Thus, considering the factors outlined in FINRA’s Waiver Guidelines—including Caltrider’s experience of over a decade in the securities industry continuously working as a general securities representative—Caltrider qualifies for a Series 7 examination waiver.

### III.

The Commission reviews FINRA’s denial of a request for waiver of an examination requirement pursuant to Section 19(f) of the Securities Exchange Act.<sup>31</sup> In accordance with that section, the Commission dismisses an application for review if the Commission finds (1) the specific grounds upon which FINRA based its denial “exist in fact”; (2) the action is in accordance with FINRA rules; and (3) FINRA applied its rules in a manner consistent with the purposes of the Exchange Act.<sup>32</sup>

#### A. Specific Grounds for Denial do not “Exist in Fact”

The record clearly demonstrates that the grounds upon which FINRA based its denial of Caltrider’s Waiver Request do *not* “exist in fact.”

First, in its October 17, 2024 letter, FINRA erroneously states that “Caltrider has not been registered as a Series 7 representative for five years and five months, which is a significant absence from acting in the requested registered capacity that weighs heavily against granting the waiver.”<sup>33</sup> This is a blatant misstatement of the facts. Specifically, Caltrider’s registration did not expire until April 2021.<sup>34</sup> Thus, at the time of FINRA’s review, it had only been three years and five months since he was properly registered as a Series 7 representative. Further, as the record demonstrates, during that entire time, Caltrider thought he was properly registered, and thus continuously acted

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<sup>31</sup> 15 U.S.C. § 78s(f); *see Gina M. Guzzone*, 57 S.E.C. 592, 596 (2004) (explaining that a “denial of a waiver . . . , in effect, constitutes a bar . . . from associating” with a FINRA member firm).

<sup>32</sup> 15 U.S.C. § 78s(f); *see also Fog Cutter Capital Grp. v. SEC*, 474 F.3d 822, 825 (D.C. Cir. 2007).

<sup>33</sup> Appx. at 199 (October 17, 2024 FINRA Decision Letter at 2).

<sup>34</sup> Appx. at 203.



“in the requested registered capacity.”<sup>35</sup> He functioned as a Series 7 representative, maintained his continuing education as a Series 7 representative, and was paid as a Series 7 representative.<sup>36</sup> Thus, in reality, there has been no “absence” from acting in the requested registered capacity as FINRA erroneously concluded. Caltrider demonstrated *twelve* years of experience as a general securities representative, not “six years and eight months” as FINRA erroneously states. FINRA also inaccurately states that the evidence provided by Caltrider show that he was paid commissions on sales transactions of products that necessitated a Series 6—not a Series 7—registration.<sup>37</sup> This is simply wrong. The record clearly shows Caltrider was paid commissions for private placements offered by private equity funds from Morgan Stanley when he was with PKS—which necessitated a Series 7 registration.<sup>38</sup>

Further, FINRA’s decision is also grounded on a purported lack of “reasonable diligence” based on “the amount of time that has elapsed since the purported error.”<sup>39</sup> But FINRA and its website never showed Caltrider’s Series 7 was expired until he applied to take the Series 24 principal exam in April of 2024.<sup>40</sup> And Caltrider continued to complete his continuing education and pay the requisite fees, which FINRA continued to accept without hesitation.<sup>41</sup> There were no indicators to alert PKS or Caltrider that his Series 7 registration had lapsed until April of 2024 (at which point PKS filed a waiver request within weeks of the discovery in an effort to correct the

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<sup>35</sup> Appx. at 5, 56, 58-62, 68, 72-74, 85, 89, 97-101, 104, 115, 119-21, 123, 136, 139-40, 143, 148-49, 150-51.

<sup>36</sup> *Id.*

<sup>37</sup> Appx. at 207 (April 17, 2025 FINRA Decision Letter at 2 n.3).

<sup>38</sup> Appx. at 56, 58-62, 68, 72-74, 85, 89, 97-101, 104, 115, 119-21, 123, 136, 139-40, 143, 148-49, 208.

<sup>39</sup> Appx. at 200 (October 17, 2024 FINRA Decision Letter at 3).

<sup>40</sup> Appx. at 205.

<sup>41</sup> Appx. at 5, 150-51.

filing error).<sup>42</sup> Caltrider and PKS were entitled to rely upon the representations made by FINRA, which reflected that his Series 7 was current. Such acts cannot reasonably be construed as a lack of “reasonable diligence” on the part of any of the parties involved (apart from perhaps FINRA).

Additionally, FINRA’s October 17, 2024 letter indicates that “[PKS] neither has represented, nor provided any evidence of, its intention or attempt to have Caltrider serve as a general securities representative.”<sup>43</sup> The record demonstrates precisely the opposite. PKS plainly admits the error.<sup>44</sup> PKS specifically employed and paid Caltrider as a Series 7 representative.<sup>45</sup> PKS unquestionably intended to have Caltrider serve as a general securities representative. FINRA further explains that this error is not a “filing error” as contemplated under the Waiver Guidelines,<sup>46</sup> despite the erroneous completion of the Form U-4 resulting in Caltrider’s “registration[], for reasons related to the filing of the appropriate applications forms” not being reflected in the CRD. Indeed, if this does not constitute a “filing error” as contemplated by the Waiver Guidelines, nothing would.

In summary, the “facts” that FINRA relies on as grounds for its decision either constitute misstatements of the existing facts, or ignore existing facts to the contrary. The decision is therefore not based on grounds that “exist in fact,” and the Commission should set aside the decision in accordance with Section 19(f) of the Securities Exchange Act.

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<sup>42</sup> See Appx. at 7-8.

<sup>43</sup> *Id.*

<sup>44</sup> Appx. at 5, 9.

<sup>45</sup> Appx. at 56, 58-62, 68, 72-74, 85, 89, 97-101, 104, 115, 119-21, 123, 136, 139-40, 143, 148-49, 208.

<sup>46</sup> *Id.*

## **B. Denial of the Waiver Request Not in Accordance with FINRA Rules**

FINRA Rule 1210.03 provides for waivers under exceptional cases and where good cause is shown. In considering such a request, FINRA “reviews each waiver request on its individual merits and considers all relevant facts presented by the sponsoring firm.”<sup>47</sup> As detailed above, FINRA failed to consider all the relevant facts presented PKS in requesting the waiver on behalf of Caltrider. Indeed, FINRA either ignored, or flatly misconstrued, critical facts establishing Caltrider’s qualification for a waiver under FINRA’s Waiver Guidelines. FINRA’s analysis, as demonstrated in both its October 17, 2024 Letter and its April 17, 2025 Letter, was clearly not in accordance with FINRA’s Rules.

## **C. FINRA Failed to Apply Its Rules Consistently with Exchange Act’s Purpose**

The primary purpose behind passage of the Securities Act of 1933 and Securities Exchange Act of 1934 was investor protection.<sup>48</sup> Consistent with this purpose, Section 15(b)(7) of the Act authorizes the Commission to regulate persons associated with broker-dealers by establishing qualification standards.<sup>49</sup> Individuals who effect or are involved in effecting securities transactions must therefore be “registered or approved in accordance with the standards of training, experience, competence, and other qualification standards (including but not limited to submitting and maintaining all required forms, paying all required fees, and passing any required examinations) .

...”<sup>50</sup>

FINRA Rule 1210.03, while requiring a person to pass an appropriate representative qualification exam in order to register as a representative, also provides for a waiver of this

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<sup>47</sup> FINRA Qualification Exam Waivers and Exemptions, *available at* <https://www.finra.org/registration-exams-ce/qualification-exams/exam-waivers-and-exemptions> (last visited May 16, 2025).

<sup>48</sup> *SEC v. Prince*, 942 F. Supp. 2d 108, 134 (D.D.C. 2013) (citing *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 194, 96 S. Ct. 1375, 47 L. Ed. 2d 668 (1976)).

requisite and acceptance of other standards as evidence of an applicant's qualifications. Where an individual can demonstrate the requisite standards of "training, experience, competence, and other qualification standards," a waiver is consistent with the Exchange Act's purpose. Conversely, to deny an applicant a waiver, despite demonstrating the necessary "training, experience, competence, and other qualification standards," is inconsistent with that purpose.

Here, FINRA applied Rule 1210.30 and its published Waiver Guidelines in a manner to deny Caltrider a waiver for his Series 7 registration even though Caltrider passed the Series 7 examination, demonstrated over a decade of continuous relevant general securities representative experience, consistently maintained the requisite continuing education, and paid all fees to FINRA required to maintain his registration statuses. Indeed, Caltrider's unblemished record reflects that he is precisely the type of representative who should be granted a waiver in the name of investor protection. The securities industry needs more, not fewer, scrupulous representatives like Caltrider.

Denial of Caltrider's Waiver Request, under these circumstances, is not consistent with the fundamental purpose of investor protection—it is arbitrary and contrary to fundamental fairness. The Commission should set aside FINRA's decision and grant Caltrider's Waiver Request.

#### **IV.**

For the reasons stated herein and as demonstrated by the record, Applicant Joshua Caltrider requests that, following review of this Application and any requisite notice and hearing, the Commission set aside the action of the Waiver Subcommittee of FINRA's National Adjudicatory Council, and grant Caltrider's requested waiver of the Series 7 examination.

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<sup>49</sup> 15 U.S.C.S. § 78o.

<sup>50</sup> 17 C.F.R. § 240.15b7-1.

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