UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99867 / March 29, 2024

Admin. Proc. File No. 3-20922

In the Matter of the Application of

MATTHEW R. LOGAN

for Review of Disciplinary Action Taken by

FINRA

OPINION OF THE COMMISSION

REGISTERED SECURITIES ASSOCIATION — REVIEW OF DISCIPLINARY PROCEEDING

FINRA barred former registered representative of member firm based on findings that he had his administrative assistant complete online continuing education courses on his behalf. *Held*, FINRA's findings of violation and sanction are *sustained*.

APPEARANCES:

Jeremy L. Bartell, BARTELL LAW PLLC, for Matthew R. Logan.

Alan Lawhead, *Gary Dernelle*, and *Ashley Martin* for FINRA

Appeal filed: June 29, 2022
Last brief received: October 12, 2022

Matthew R. Logan, formerly associated with Hornor, Townsend & Kent LLC ("HTK"), a FINRA member firm, seeks review of a FINRA disciplinary action.[1] FINRA found that Logan violated FINRA Rule 2010 by having his administrative assistant (the "Assistant") complete four online continuing education courses on his behalf. For this violation, FINRA barred Logan from association with any FINRA member firm. We sustain FINRA's findings of violation and the sanction it imposed.

I. Background

A. Logan associated with a FINRA member firm and worked as a life insurance sales manager for its parent company.

Logan associated with HTK in 2013. He initially worked for HTK's parent company, Penn Mutual Life Insurance Company, as a life insurance sales agent and was promoted to sales manager in late 2013.[2] In that latter capacity, Logan recruited life insurance sales agents, trained them on life insurance products, and motivated them to meet Penn Mutual's sales goals. During his tenure at HTK, Logan was required to take various firm- and FINRA-related continuing education courses.

B. Logan instructed the Assistant to complete three firm-related continuing education courses on his behalf.

In October 2017, Penn Mutual required Logan to complete an online company-sponsored continuing education course on ethics. Penn Mutual's chief ethics and risk officer explained to Logan, by email, that the course was to remind personnel "to conduct our business honestly, ethically, and with respect for one another" and "to always do the right thing." After Logan initially failed to take the course, Penn Mutual notified him on October 27, 2017, that he had to complete it by the end of the day. Logan testified that, at the time, he felt overwhelmed by his workload and viewed his continuing education requirements as "purely administrative." Accordingly, he testified that he made the "mistake" of "delegat[ing]" the course to the Assistant, to whom he forwarded the Penn Mutual reminder email, with the note: "we need this done today." The Assistant completed the course on Logan's behalf after logging into Penn Mutual's online training portal using Logan's credentials.

In May 2018, Logan instructed the Assistant to complete, on his behalf, another online course—this one on HTK's guidelines for processing securities-related checks and securities. He did so after Penn Mutual's director of licensing emailed him that the course was mandatory for all registered representatives.[3] Logan forwarded that email to the Assistant, asking, "is this

---

1 *Dep't of Enf't v. Logan*, Complaint No. 2019063570502, 2022 WL 2103988 (NAC June 2, 2022).

2 References to "Penn Mutual" include its greater Boston agency, Concord Wealth Management, with which Logan worked after he was promoted to sales manager in 2013.

3 The record reflects that the licensing director was mistaken in stating that Logan was required to complete this course. Logan testified that he learned only during FINRA's investigation that he was not, in fact, required to take the course.

completed?"—a transmittal message that, he testified, was intended to direct the Assistant to take the course on his behalf. The Assistant replied, "Not yet will complete today." As with the earlier ethics course, the Assistant completed the course after using Logan's credentials to log into HTK's online training portal.

In October 2018, Logan instructed the Assistant to take a third online course on his behalf—this one an anti-money laundering continuing education course administered by a trade association that Logan was required to complete in order to sell certain life insurance products. Logan forwarded an email about the course to the Assistant, stating, "I need to complete tomorrow this [is] urgent." The Assistant responded, "Ok will do first thing." As before, the Assistant completed the course for Logan after logging onto the online training portal with Logan's credentials.

C. Logan directed the Assistant to complete the FINRA Regulatory Element on his behalf.

In October 2018, Logan also asked the Assistant to take a FINRA-administered continuing education course. FINRA requires covered persons to take two different courses as part of their continuing education obligations: the Firm Element, which member firms develop and administer, and, as relevant here, the Regulatory Element, which FINRA develops and administers.[4] The Regulatory Element focuses on compliance, regulatory, ethical, and sales practice standards. FINRA rules require covered persons to complete the Regulatory Element periodically, and FINRA will deem the registration of a person who does not successfully complete the course inactive until the person satisfies the program's requirements.[5]

Logan completed the Regulatory Element in person at a testing center in 2015, but FINRA subsequently amended its rules to require covered persons to complete future versions of the course online.[6] In announcing the rule change, FINRA warned that its rules of conduct would "require each participant to attest that he or she is in fact the person who is taking the CE session"; that a participant would forfeit the session's results and could be subject to disciplinary action for violating the conduct rules; and that FINRA's Sanction Guidelines (the "Guidelines") recommended a bar "for cheating" on the Regulatory Element.

To prevent FINRA from deeming his registration inactive, Logan needed to complete the Regulatory Element by November 23, 2018. HTK emailed Logan multiple reminders of that requirement, including a September 24, 2018, email with the subject line "Second Notice -- FINRA Regulatory Element Continuing Education." The email explained that FINRA required

---

4 *See* FINRA Rule 1240.

5 FINRA Rule 1240(a)(2). Under FINRA's rules, a person whose registration is deemed inactive "shall cease all activities as a registered person," "is prohibited from performing any duties and functioning in any capacity requiring registration," and "may not accept or solicit business or receive any compensation for the purchase or sale of securities." *Id.*

6 *See* Order Approving a Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, 80 Fed. Reg. 47018 (July 31, 2015); FINRA Rule 1240(a)(6).

Logan to take the Regulatory Element, that the course was now administered online (no longer in a testing center), and that Logan's registration would become inactive if he did not timely complete the course. Logan testified that he forwarded this email chain to the Assistant to direct her to complete the Regulatory Element on his behalf. But Logan testified that he did not realize it was the Regulatory Element that he was forwarding to the Assistant, as opposed to the Firm Element—according to Logan, he "didn't have time to distinguish between the two."

HTK emailed another reminder to Logan on October 24, 2018, with the subject line "Third Notice -- FINRA Regulatory Element Continuing Education." Logan forwarded the email to the Assistant, stating, "Let's discuss today." The Assistant responded, "I have been working on this in between my work but I'm almost done." On October 30, 2018, the Assistant completed the Regulatory Element on Logan's behalf after using Logan's credentials to log into FINRA's CE Online System.

D. Logan lied to Penn Mutual about his misconduct.

During a routine email review in November 2018, HTK discovered the emails between Logan and the Assistant about the four continuing education courses, including the Regulatory Element. HTK notified Penn Mutual, which then interviewed Logan and the Assistant to determine whether Logan had asked the Assistant to complete the courses on his behalf.

The Assistant admitted that she took an anti-money laundering course on Logan's behalf, but she denied taking the other continuing education courses for him. The Assistant claimed that she would log into online training portals using Logan's credentials on her computer, then bring her computer to Logan for him to complete the continuing education courses between meetings. Logan testified that he learned of Penn Mutual's investigation when the Assistant entered his office, crying, following her interview. According to Logan, the Assistant informed him that she lied to Penn Mutual, denying that she had completed continuing education courses on his behalf.

When Penn Mutual subsequently interviewed Logan, he similarly stated that the Assistant may have completed an anti-money laundering course for him, but he denied asking the Assistant to complete the other continuing education requirements on his behalf. Logan claimed that he would ask the Assistant to log into online training portals using his credentials on her computer so that he could complete continuing education courses on that computer. Even after being confronted with the inculpatory emails that had prompted the investigation, Logan continued to deny that he directed the Assistant to complete the other online courses.

Following its investigation, Penn Mutual fired Logan and the Assistant. In January 2019, HTK filed with FINRA a Form U5, Uniform Termination Notice for Securities Industry Registration, which disclosed that HTK terminated Logan's employment because he had instructed the Assistant to "complete his required regulatory element and other continuing education requirements." After the firm filed the Form U5, FINRA began investigating Logan's conduct. During that investigation, Logan admitted that he had asked "a subordinate to complete online continuing education for [him]." In his September 2019 response to FINRA's inquiry, Logan wrote that, to the best of his memory, he had asked the Assistant to complete the Firm Element. Logan later testified that he learned it was the Regulatory Element only when FINRA

subsequently informed him otherwise. And, at the eventual FINRA disciplinary hearing, Logan admitted that his answers to Penn Mutual investigators had been improperly "evasive."

E. FINRA found that Logan violated FINRA Rule 2010 by directing the Assistant to complete the FINRA Regulatory Element and three firm-related continuing education courses on his behalf.

On October 7, 2020, FINRA's Department of Enforcement issued a one-count complaint alleging that Logan violated FINRA Rule 2010 by instructing the Assistant to complete four online continuing education courses, including the Regulatory Element, on his behalf. In his answer, Logan admitted that he instructed the Assistant to take the courses on his behalf and that he falsely denied having done so to Penn Mutual. Logan further admitted that his conduct violated Rule 2010, but he requested a hearing on the issue of sanctions.

After holding a hearing, a FINRA hearing panel issued a decision concluding that Logan violated Rule 2010 by instructing the Assistant to take the continuing education courses for him. The panel barred Logan for this misconduct, reasoning, among other things, that "[a] registered person's dishonesty in using an impostor on the Regulatory Element evidences such a complete disregard for FINRA's rules that a bar is necessary to protect the investing public."

Logan appealed to FINRA's National Adjudicatory Council ("NAC"). Logan again admitted that he violated Rule 2010 by directing the Assistant to take the four courses on his behalf, but he contended that a bar was excessive. The NAC affirmed the panel's findings of violation and the bar. In doing so, the NAC assumed (as Logan argued) that he had not realized he was forwarding the Regulatory Element to the Assistant for completion and thus had not specifically intended to cheat on that course. The NAC nonetheless found that Logan's repeated pattern of forwarding online courses for the Assistant to complete on his behalf, his attempt to obstruct Penn Mutual's subsequent investigation, and his continued refusal to take full responsibility "demonstrated an inability to comply with FINRA's rules" and "cast doubt on his ability to comply with regulatory requirements."

This appeal followed.

II. Analysis

Section 19(e)(1) of the Securities Exchange Act of 1934 governs our review of this self-regulatory organization disciplinary action. Under Section 19(e)(1), we determine whether the applicant engaged in the conduct that FINRA found; whether such conduct violates FINRA's rules; and whether those rules are, and were applied in a manner, consistent with the purposes of the Exchange Act.[7] We base our findings on an independent review of the record and apply a preponderance-of-the-evidence standard.[8]

---

[7] 15 U.S.C. § 78s(e)(1).

[8] *Richard G. Cody*, Exchange Act Release No. 64565, 2011 WL 2098202, at *1, *9 (May 27, 2011), *aff'd*, 693 F.3d 251 (1st Cir. 2012).

Logan does not dispute, and thus has waived any challenge to, FINRA's findings. Nevertheless, consistent with our standard of review, we explain below our basis for sustaining FINRA's findings that Logan engaged in the conduct that FINRA found, and that Logan's conduct violated Rule 2010.[9] We further find that FINRA applied Rule 2010 in a manner consistent with the purposes of the Exchange Act.[10]

A. Logan violated FINRA Rule 2010 by instructing the Assistant to take four continuing education courses on his behalf.

Logan engaged in the conduct FINRA found: Logan testified that he directed the Assistant to take four continuing education courses on his behalf. This conduct violated FINRA Rule 2010, which requires the observance of "high standards of commercial honor and just and equitable principles of trade."[11] The Commission has long held that this standard encompasses misconduct that raises doubts about the integrity of market participants and their ability to comply with regulatory requirements.[12] And the Commission has found that providing misleading and inaccurate information to an employer[13] or to FINRA[14] is inconsistent with Rule 2010.

---

9 *See* 15 U.S.C. § 78s(e)(1).

10 *See id.* § 78s(e)(1)(A).

11 Although this rule is directed at FINRA members, it also applies to associated persons. *See* FINRA Rule 0140(a) (providing that associated persons "shall have the same duties and obligations as a member under the Rules").

12 *See, e.g., Ahmed Gadelkareem*, Exchange Act Release No. 82879, 2018 WL 1324737, at *7 (Mar. 14, 2018) ("We have long held that conduct that reflects negatively on an applicant's ability to comply with regulatory requirements fundamental to the securities industry is inconsistent with just and equitable principles of trade." (internal quotation marks omitted)); *N. Woodward Fin. Corp.*, Exchange Act Release No. 74913, 2015 WL 2151765, at *11 (May 8, 2015) (explaining that Rule 2010's "general ethical standard . . . is broader and provides more flexibility than prescriptive regulations and legal requirements").

13 *See, e.g., Denise M. Olson*, Exchange Act Release No. 75838, 2015 WL 5172954, at *2 & n.8 (Sept. 3, 2015) (finding violation of just and equitable principles of trade where associated person submitted falsified expense reports to her employer); *John M.E. Saad*, Exchange Act Release No. 62178, 2010 WL 2111287, at *5 (May 26, 2010) (same), *pet. for review granted on other grounds*, 718 F.3d 904 (D.C. Cir. 2013).

14 *See, e.g., Mitchell H. Fillet*, Exchange Act Release No. 75054, 2015 WL 3397780, at *13 (May 27, 2015) (stating the Commission's long-held position that "providing misleading and inaccurate information to FINRA is conduct contrary to high standards of commercial honor and is inconsistent with just and equitable principles of trade"); *Trevor Michael Saliba*, Exchange Act Release No. 91527, 2021 WL 1336324, at *17 (Apr. 9, 2021) (concluding that knowingly providing backdated compliance forms to FINRA is unethical conduct that violates FINRA Rule 2010).

Logan violated these standards, and thus Rule 2010, by having the Assistant complete four continuing education courses on his behalf. In reaching this conclusion, we recognize that one of the courses—on check-processing—was not required, but both Logan and Penn Mutual's licensing director believed the check-processing course was mandatory at the time. We also assume, as Logan contends, that he was not aware that one course he asked the Assistant to take for him was the Regulatory Element, as opposed to the Firm Element. But instructing the Assistant to complete four continuing education courses for him was still dishonest. Regardless of whether each course was required or whether he was aware that it was the Regulatory versus the Firm Element that he was asking the Assistant to take for him, Logan gave Penn Mutual and FINRA the false impression that he had completed the courses himself—and, therefore, that he had gained proficiency in the standards of competence and professionalism covered in those courses.[15]

B. FINRA's rules are, and were applied in a manner, consistent with the Exchange Act.

FINRA Rule 2010 is consistent with the purposes of the Exchange Act because it reflects the mandate of Exchange Act Section 15A(b)(6) that FINRA's rules be designed, among other things, "to promote just and equitable principles of trade."[16] And more specifically here, Exchange Act Section 15(b)(7) authorizes the Commission to regulate persons associated with broker-dealers by establishing qualification standards,[17] and Exchange Act Rule 15b7-1 requires associated persons to comply with training standards established by self-regulatory organizations.[18]

FINRA's application of Rule 2010 here was consistent with these purposes because the Commission has stated that "[self-regulatory organization] qualification of associated persons of broker-dealers is of substantial importance in promoting compliance with the substantive requirements of the federal securities laws"; that it "rel[ies] principally on the [self-regulatory organizations] in the formulation and administration of qualification standards, subject to [its] review and oversight"; and that requiring compliance with such standards advances "investor protection."[19] FINRA's finding that Logan violated Rule 2010 by having the Assistant take continuing education courses on his behalf advances FINRA's goal of ensuring that associated

---

15 *Cf. Saliba*, 2021 WL 1336324, at *17 ("By providing backdated compliance forms to FINRA, Saliba misrepresented that he and the firm had been discharging their compliance obligations and timely executing the forms."); *L.C. Thomas*, Exchange Act Release No. 26530, 1989 WL 992478, at *1 & n.3 (Feb. 9, 1989) (concluding that associated persons violated NASD Rule 2110, the predecessor to FINRA Rule 2010, when one completed the Series 7 examination on the other's behalf).

16 *Bruce Zipper*, Exchange Act Release No. 90737, 2020 WL 7496222, at *12 (Dec. 21, 2020) (finding that FINRA Rule 2010 is consistent with the Exchange Act); 15 U.S.C. § 78*o*-3(b)(6).

17 15 U.S.C. § 78*o*(b)(7).

18 17 C.F.R. § 240.15b7-1.

19 *Requirement of Broker-Dealers to Comply with SRO Qualification Standards*, Exchange Act Release No. 32261, 1993 WL 141070, at *2 (May 4, 1993).

persons comply with established training requirements and furthers FINRA's oversight of its qualification standards.

We also find that FINRA's proceeding against Logan was consistent with the Exchange Act's purpose that FINRA provide a fair process for disciplining its associated persons.[20] In reaching this conclusion, we reject Logan's contention that a purported misunderstanding by a hearing panelist during the hearing undermined the fairness of the proceeding. Logan contends that, during Logan's testimony on redirect, the panelist asked questions suggesting that the panelist "must not have read the Complaint, or the Answer, or the Pre-hearing Briefs of either side, and paid no attention during the full day of hearing testimony."[21] In particular, Logan points to the following exchange:

> Panelist: You testified that you were unaware . . . that FINRA had changed the FINRA regulatory exam to one that could be taken remotely, from the comfort of your home or from your office, wherever you might be, but you no longer had to go to Prometrics or Pierson or one of those sites, correct?
>
> Logan: That's correct.
>
> Panelist: When you asked [the Assistant] in 2018 to take that exam for you, and I believe you testified there was a series of e-mail chains back and forth to her, then let me understand correctly, you were asking her to go to an offsite location, Prometric, Pierson, something like that and to impersonate you; is that correct?
>
> Logan: No, that's not correct.
>
> Panelist: Help me understand. You said you -- you did not understand --

Logan then explained that he knew the course was administered online when he forwarded the email to the Assistant and that he "was certainly not asking her to go to a testing center." The panelist replied, "Thank you for that clarity."

We do not find that either this exchange or the hearing transcript as a whole evinces the panelist's inattention or that the proceeding was unfair. Rather, we find that the transcript reflects that the panelist took notes and asked numerous questions that accurately referenced the parties' exhibits, relevant dates, and details of witness testimony. And the dialogue to which

---

[20] Exchange Act Section 15A(b)(8), 15 U.S.C. § 78*o*-3(b)(8).

[21] Logan argues that the NAC also erred in concluding that he had failed to object to the panelist's conduct below because, he claims, he *did* object in a post-hearing brief. But even if the NAC somehow erred about whether Logan properly objected to the panelist's conduct, that error could not have prejudiced Logan given that the NAC still considered—and rejected—Logan's claim on the merits. *Cf. Curtis I. Wilson*, Exchange Act Release No. 26425, 1989 WL 992510, at *4 (Jan. 6, 1989) (sustaining NASD (FINRA's predecessor) action where the Commission was "unable to conclude that [the applicant] suffered any prejudice"), *aff'd* 902 F.2d 1580, 1990 WL 61994 (9th Cir. 1990) (unpublished table op.).

Logan points suggests, if anything, that the panelist was trying to understand Logan's testimony. We thus find no basis for concluding that the panelist did not properly consider the case or was unqualified to participate in it.

III. Sanctions

Exchange Act Section 19(e)(2) directs us to sustain FINRA's sanctions unless we find, having due regard for the public interest and the protection of investors, that the sanctions are excessive or oppressive.[22] As part of our review, we consider any aggravating or mitigating factors[23] and whether the sanctions serve remedial, rather than punitive, purposes.[24] Like FINRA, we also consider the Sanction Guidelines, which, although not binding on us, provide "a benchmark" for assessing sanctions.[25] The NAC applied a Guideline, in effect at the time of its decision, providing that "[a] bar is standard" for "using an impostor" on the Regulatory Element.[26] That Guideline further advised adjudicators to "consider a lesser sanction," such as a suspension of up to two years, "only in cases of unauthorized possession that do not rise to the level of cheating" in which "mitigation is documented."[27] Logan did not challenge, either here or below, the NAC's application of this Guideline to his misconduct.[28]

---

[22] 15 U.S.C. § 78s(e)(2). The record does not show, nor does Logan claim, that FINRA's sanctions impose any unnecessary or inappropriate burden on competition. *Id.*

[23] *Saad v. SEC*, 718 F.3d 904, 906 (D.C. Cir. 2013).

[24] *PAZ Sec., Inc. v. SEC*, 494 F.3d 1059, 1065-66 (D.C. Cir. 2007).

[25] *See, e.g.*, *John Joseph Plunkett*, Exchange Act Release No. 69766, 2013 WL 2898033, at *11 & n.68 (June 14, 2013) (using the Guidelines as a benchmark but explaining they are not binding). FINRA applied the version of its Sanction Guidelines in place at the time of the NAC's decision. *See* https://www.finra.org/sites/default/files/2022-09/2021_Sanctions_Guidelines.pdf; *see also Meyers Assocs.*, Exchange Act Release No. 86193, 2019 WL 2593825, at *17 & n.75 (June 24, 2019) (holding that the NAC properly applied the version of the Guidelines "in effect while this matter was pending before it"); Guidelines at 8 ("These guidelines are effective as of the date of publication, and apply to all disciplinary matters, including pending matters."). Logan does not take issue with FINRA's use of this version of the Guidelines.

[26] Sanction Guidelines at 40.

[27] *Id.*

[28] A separate Guideline, then in effect, governed an individual's failure to comply with the Firm Element program, recommending that in "egregious cases, such as where there is intentional misconduct and/or repeat violations," FINRA suspend the individual for up to two years or "consider a bar." *See* Sanction Guidelines at 41 & n. 1. Logan does not argue that the NAC should have applied that Guideline instead or that, if it had, the NAC would have imposed a different sanction. In any event, both Guidelines contemplate a bar in appropriate cases and, for the reasons explained below, we find that the bar the NAC imposed here was neither excessive nor oppressive.

We agree with FINRA that, even assuming Logan did not know that one of the courses he directed the Assistant to complete was the Regulatory Element (as opposed to the Firm Element), his conduct warrants a bar. Logan's conduct was still unethical and deceptive, and it demonstrated a troubling disregard for FINRA's rules.[29] This conduct was also repeated, as he directed an impostor—the Assistant—to take continuing education courses on his behalf on four occasions, spanning nearly a year.[30] And Logan attempted to conceal his misconduct by lying to Penn Mutual's investigator, even after the investigator confronted him with the inculpatory emails he had sent the Assistant.[31]

Moreover, despite admitting to his misconduct, Logan has tried to minimize it. For example, at the hearing, Logan testified that he had been "evasive" with Penn Mutual's investigator. But Logan did not merely avoid directly responding to the investigator's questions—he lied. And while Logan admits in his brief to the Commission that he "was initially not honest during his firm's investigation of the situation," his dishonesty continued beyond Penn Mutual's investigation, as he did not admit to his misconduct on all four courses until September 2019—nine months after Penn Mutual terminated his employment and only after FINRA began its investigation.[32]

Logan argues that a bar is excessive here because the Guidelines' recommendation for imposing such a sanction was adopted when the Regulatory Element was administered as an in-person test. According to Logan, the security protocols surrounding in-person administration meant that "only the most unscrupulous, deliberate, and premedicated cheating . . . could occur

---

[29] Logan complains that the Panel "ignored" the issue of whether he was aware that one of the courses he had the Assistant take was the Regulatory Element. But, as indicated, the NAC explicitly found that a bar was warranted even if Logan lacked such awareness, and we review the NAC's decision on appeal. *See Meyers Assocs., L.P.*, 2019 WL 2593825, at *14 ("It is the decision of the NAC, not the decision of the Panel, that is the final action of FINRA which is subject to Commission review." (internal quotation marks and alteration omitted)).

[30] *See* Sanction Guidelines at 7 (listing, as principal considerations in determining sanctions, "[w]hether was the result of an intentional act, recklessness or negligence," "[w]hether the respondent engaged in numerous acts and/or a pattern of misconduct," and "[w]hether the respondent engaged in the misconduct over an extended period of time"); *Ahmed Gadelkareem*, Exchange Act Release No. 82879, 2018 WL 1324737, at *8 (March 14, 2018) (considering applicant's pattern of misconduct over 14 months to be an aggravating factor).

[31] *See* Sanction Guidelines at 7 (listing, as a principal consideration in determining sanctions, "[w]hether the respondent attempted to conceal his or her misconduct or to lull into inactivity, mislead, deceive or intimidate . . . the member firm with which he or she is/was associated"); *Denise M. Olson*, Exchange Act Release No. 75838, 2015 WL 5172954, at *3 (Sept. 3, 2015) (considering applicant's attempt to conceal her misconduct and deceive her firm to be an aggravating factor).

[32] *See* Sanction Guidelines at 7 (listing, as a principal consideration in determining sanctions, "[w]hether an individual . . . respondent accepted responsibility for and acknowledged the misconduct to his or her employer . . . prior to detection and intervention by the firm").

in such test centers." Logan thus suggests that cheating on the online version of the test is somehow less serious and should not warrant a similar sanction. But we fail to see how the ease with which one can cheat or otherwise violate ethical standards should influence the appropriate sanction. To the contrary, FINRA relies heavily on its members to act ethically.[33] And suggesting that it is more acceptable to violate ethics standards when it is easier to do so not only would undercut FINRA's self-regulatory structure, but would also raise concerns about Logan's appreciation of—and likelihood of his future compliance with—those standards.

Logan further argues that FINRA itself indicated that cheating during the online version of the Regulatory Element was less serious—and did not warrant a bar—because, in a 2020 article FINRA published online, FINRA warned that it would seek to bar individuals who cheat on online qualification "exams," but did not mention the Regulatory Element. Logan contends that this omission indicated that cheating on the Regulatory Element would not result in a bar. But Logan's claim overlooks the repeated instances in which FINRA has warned that it would seek a bar for cheating on the online version of the Regulatory Element. Indeed, FINRA notices and the Commission's order approving online administration of the Regulatory Element stated that an individual who violated FINRA's Rules of Conduct during an online administration of the course might be subject to disciplinary action and that the Sanction Guidelines recommended a bar for "cheating" on the Regulatory Element.[34]

Logan also claims that his actions were merely negligent, warranting no more than a suspension, because he was unaware that the Regulatory Element was one of the courses he had asked the Assistant to take on his behalf. But regardless of whether Logan was aware that he had asked the Assistant to complete the Regulatory Element (as opposed to the Firm Element) for him, Logan knew that he had directed the Assistant to take four continuing education courses on his behalf. Indeed, Logan admitted in his pre-hearing brief below that his conduct was "intentional," and argued that he lacked specific intent only as to the Regulatory Element. Logan's ignorance about what course he was asking the Assistant to take on his behalf only furthers our concern about Logan's disregard for his obligations as a securities industry

---

[33] *Cf. Robert E. Kauffman*, Exchange Act Release No. 33219, 1993 WL 483323, at *2 (Nov. 18, 1993) (observing that, because NASD "cannot investigate the veracity of every detail in each document filed with it, must depend on its members to report to it accurately and clearly in a manner that is not misleading").

[34] *See* FINRA Regulatory Notice 15-28, 2015 WL 4714022 at *2 & n.9 (Aug. 3, 2015); Order Approving a Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, 80 Fed. Reg. 47,018, 47,019 & n.22 (July 31, 2015); FINRA Notice of Filing of a Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, Exchange Act Release No. 75154, 2015 WL 3623281, at *4 & n.17.

professional, including his obligation to be aware of the continuing education requirements to which he was subject.[35]

Nor do we agree that Logan's misconduct was mitigated because, he claims, the "securities business was only a very minor part of his job and was not part of his sales goals," while "his personal family life was highly stressful [and] he was thoroughly overwhelmed during the relevant time." Even if securities were a small part of his business (Logan testified that it was 5% of his overall business), FINRA's rules still applied to him.[36] And even assuming, as FINRA did, that Logan was under personal and professional stress during the relevant time, that stress does not explain his actions. At no time between October 2017 and October 2018—while Logan was directing the Assistant to take continuing education courses for him—did Logan ask Penn Mutual for more time to complete the assigned courses or that his employer lessen his work duties.[37] Instead, when his misconduct was discovered, Logan tried to obstruct Penn Mutual's internal investigation into it.

We also do not find mitigating Logan's claims that he had repeatedly complained to Penn Mutual that "he received hundreds of emails per day making careful review impossible" and that the firm "downplayed" continuing education courses "as not important." Logan was still ultimately responsible for complying with FINRA's rules and acting ethically.[38] And his attempt to shift blame to Penn Mutual shows an unwillingness to accept responsibility for, and a lack of appreciation for the seriousness of, his misconduct.[39]

---

35 *See James Lee Goldberg*, Exchange Act Release No. 66549, 2012 WL 759397, at *5 (Mar. 9, 2012) ("Goldberg was required to be aware of his continuing education obligations."); *id.* at n.20 ("Registered persons such as Goldberg are required to be familiar with all applicable FINRA rules.").

36 *See* FINRA Rule 0140(a) ("The Rules shall apply to all members and persons associated with a member."); *see also supra* note 11.

37 *Cf. Robert Juan Escobio*, Exchange Act Release No. 97701, 2023 WL 3948218, at *14 (June 12, 2023) (affirming FINRA's conclusion that Escobio's stress did not excuse his misconduct where "he had several months during which he could have responded to any of Enforcement's multiple requests but completely failed to do so"); *John M.E. Saad*, Exchange Act Release No. 76118, 2015 WL 5904681, at *6 (Oct. 8, 2015) (rejecting argument that personal and professional stress was mitigating where applicant's intentional deceptive action was over several months), *pet. for rev. denied in relevant part*, 873 F.3d 297, 303 (D.C. Cir. 2017).

38 *See Scott Epstein*, Exchange Act Release No. 59328, 2009 WL 223611, at *21 (Jan. 30, 2009) ("Participants in the securities industry must take responsibility for compliance with regulatory requirements and cannot be excused for lack of knowledge, understanding, or appreciation of these requirements." (internal quotation marks and alteration omitted)).

39 *See id.* (respondent's "efforts to blame his conduct on his working environment demonstrate his failure to accept responsibility for his own actions."); *see also, e.g.*, *Steven M. Muth*, Exchange Act Release No. 8622, 2005 WL 2428336, at *18 (Oct. 5, 2005) (concluding that applicant's attempt to shift responsibility to his supervisors was a factor establishing that applicant "pose[d] a substantial, continuing risk of harm to investors").

Finally, we reject Logan's contention that a bar is excessive because other respondents who cheated on continuing education courses received lesser sanctions in settled cases. We have repeatedly held that "the appropriate sanction depends on the facts and circumstances of each particular case"[40] and that "comparisons to sanctions in settled cases are inappropriate."[41] This is because "pragmatic considerations such as the avoidance of time-and-manpower-consuming adversary proceedings" can "justify imposing lower sanctions in negotiating a settlement."[42] Further, "litigated cases typically present a fuller, more developed record of facts and circumstances for purposes of assessing appropriate sanctions than do settled matters."[43]

For the reasons above, we conclude, with due regard for the public interest and the protection of investors, that imposing a bar is appropriately remedial and not excessive or oppressive. Logan used dishonest means to skirt continuing education requirements—requirements established and enforced to ensure ethical and regulatory compliance. And he lied to his firm to avoid detection. Such a blatant and repeated disregard for his ethical and professional obligations raises a clear risk of future misconduct.[44]

An appropriate order will issue.[45]

By the Commission (Chair GENSLER and Commissioners PEIRCE, CRENSHAW, UYEDA and LIZÁRRAGA).

Vanessa A. Countryman
Secretary

---

40 *Kimberly Springsteen-Abbott*, Exchange Act Release No. 88156, 2020 WL 605918, at *16 (Feb. 7, 2020).

41 *Newport Coast Sec., Inc.*, Exchange Act Release No. 88548, 2020 WL 1659292, at *14 (Apr. 3, 2020).

42 *William Scholander*, Exchange Act Release No. 77492, 2016 WL 1255596, at *11 (Mar. 31, 2016) (internal quotation marks omitted).

43 *Id.* (internal quotation marks and alteration omitted).

44 *See, e.g.*, *Paz Sec., Inc. v. SEC*, 566 F.3d 1172, 1176 (D.C. Cir. 2009) (denying petition for review of a firm's expulsion where petitioners posed a "cavalier disregard" for their obligation to provide information to FINRA); *Ronald H.V. Justiss*, Exchange Act Release No. 37074, 1996 WL 164301, at *3 (Apr. 5, 1996) (affirming bar by explaining that cheating on a FINRA qualification exam "cannot be countenanced" because it "flouts the ethical standards to which members of [the financial services] industry must adhere" and "threatens the integrity of [FINRA]'s registration process").

45 Because our decisional process would not be "significantly aided" by oral argument, Logan's request for oral argument is denied. Rule of Practice 451(a), 17 C.F.R. § 201.451(a).

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99867 / March 29, 2024

Admin. Proc. File No. 3-20922

In the Matter of the Application of

MATTHEW R. LOGAN

For Review of Disciplinary Action taken by

FINRA

ORDER SUSTAINING DISCIPLINARY ACTION

On the basis of the Commission's opinion issued this day, it is

ORDERED that the disciplinary action taken by FINRA against Matthew R. Logan is sustained.

By the Commission.

Vanessa Countryman
Secretary