

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022076764101**

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

RE: FTP Securities LLC (Respondent)
Member Firm
CRD No. 129356

Pursuant to FINRA Rule 9216, Respondent FTP Securities LLC submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

FTP Securities has been a FINRA member since 2004. The firm conducts an investment banking business focused on the financial technology sector. It has three branch offices and approximately 130 registered persons.¹

OVERVIEW

From September 2020 through June 2022, FTP Securities failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with applicable FINRA rules for reviewing and evaluating outside business activities. During this period, the firm received written notice that a registered person was engaging in investment-related outside business activities but failed to reasonably review and evaluate them. As a result, FTP Securities violated FINRA Rules 3110, 3270.01, and 2010, and is censured and fined \$35,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from an examination conducted by FINRA's Department of Member Supervision.

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

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires a member firm to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

FINRA Rule 3270 provides, in relevant part, that no registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member.

FINRA Rule 3270 Supplementary Material .01 (Rule 3270.01) further requires that:

Upon receipt of a written notice under Rule 3270, a member shall consider whether the proposed activity will: (1) interfere with or otherwise compromise the registered person's responsibilities to the member and/or the member's customers or (2) be viewed by customers or the public as part of the member's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered. Based on the member's review of such factors, the member must evaluate the advisability of imposing specific conditions or limitations on a registered person's outside business activity, including where circumstances warrant, prohibiting the activity. A member must also evaluate the proposed activity to determine whether the activity properly is characterized as an outside business activity or whether it should be treated as an outside securities activity subject to the requirements of Rule 3280.

A violation of FINRA Rules 3110 or 3270 is also a violation of FINRA Rule 2010, which requires firms to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

During the relevant period, FTP Securities' written supervisory procedures for outside business activities did not address evaluating the factors identified in FINRA Rule 3270.01 and determining if conditions or limitations should be placed on an outside business activity or whether to prohibit the activity. Nor did they address evaluating a proposed outside business activity to determine whether it should be properly characterized as an outside securities activity.

In September 2020, FTP Securities received written communications from a registered person disclosing that he planned to organize, manage, supervise, and dispose of limited partnerships through a management company he owned and controlled. In January 2021, the firm required the registered person to provide a formal written notice concerning these activities, which he did. The registered person disclosed to the firm the limited partnership (LP) entity; the investment it would make; his roles with the LP and its

management company; and that he would be entitled to a management fee and carried interest as compensation.

FTP Securities treated the registered person's activities as outside business activities and did not impose any specific conditions or limitations on them. The registered person engaged in the activities until winding down the LP in June 2022. None of the LP's investors were firm customers at the time that they invested through the LP, and none of them incurred losses.

Despite knowing that the outside business activities described above were investment-related, FTP Securities failed to reasonably evaluate whether they would interfere with or otherwise compromise the registered person's responsibilities to the firm or the firm's customers or be viewed by customers or the public as part of the firm's business. The firm also failed to reasonably evaluate the advisability of prohibiting or imposing specific conditions or limitations on his activities or to determine whether they were properly characterized as outside business activities or should have been treated as outside securities activities.

Therefore, FTP Securities violated FINRA Rules 3110, 3270.01, and 2010.

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

- a censure; and
- a \$35,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

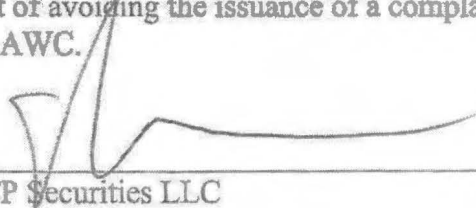
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

March 6, 2025

Date



FTP Securities LLC
Respondent

Print Name: Steven J. McLaughlin

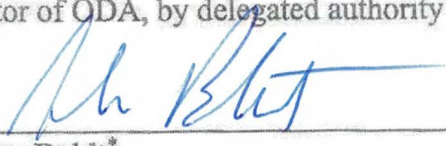
Title: Managing Partner

Accepted by FINRA:

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

3/12/25

Date



Andrew Boldt*
Senior Counsel
FINRA
Department of Enforcement
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Rockville, MD 20850

* Licensed to practice law in Illinois only.