

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048273301**

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

RE: Michael J. Barranco, Respondent
Former Registered Representative
CRD No. 4825738

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Michael J. Barranco, 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

Barranco entered the securities industry in 2004 when he became registered as a General Securities Representative. He was registered with LPL Financial LLC ("LPL") in that capacity from April 2007 until December 17, 2015. LPL terminated Barranco's registration for soliciting clients to invest in private securities transactions.

Barranco is currently not registered with any FINRA member but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Barranco has no formal disciplinary history.

OVERVIEW

Between 2010 and 2015, while registered with LPL, Barranco participated in almost 40 private securities transactions with three different issuers without providing proper notice to his firm. In

total, 27 people, most of whom were firm customers, invested over \$3.5 million through Barranco. Accordingly, Barranco violated NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Between 2010 and 2015, Barranco was involved in almost 40 private securities transactions with three different issuers without providing proper notice to his firm.

In 2010, Barranco requested and received permission from LPL to act as a consultant and provide business planning advice to an entity ("TMG") founded by two of his customers. Barranco also, however, participated in the solicitation of or otherwise facilitated investments by firm customers and others in 13% Senior Notes issued by TMG, exceeding the scope of the firm's permission. In total, between November 2010 and February 2011, Barranco participated in 35 transactions through which 27 individuals, most of whom were firm customers, invested at least \$2,087,000 in the TMG notes. Certain of the customers held their TMG notes in LPL accounts.

In 2014, the founders of TMG purchased a distressed real estate development ("IBH") and issued 12% Senior Notes ("IBH Notes"). Barranco recommended the IBH Notes to two of his customers and they invested a total of \$750,000. Barranco then participated in two additional transactions through which the customers converted their IBH Notes into notes in IBH's parent company.

All of these investments were made outside the firm and Barranco did not provide appropriate prior notice to his firm regarding his participation in these securities transactions.

As a result, Barranco violated NASD Rule 3040 and FINRA Rule 2010.

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

- A suspension from association with any FINRA member in any capacity for a period of two years.
- A fine of \$20,000.

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.

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.

7/22/2016
Date (mm/dd/yyyy)

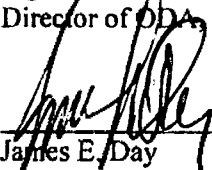

Michael Barranco, Respondent

Reviewed by:

Joe Beck, Counsel for Respondent
The Beck Law Firm, LLC
232 West Crogan St., Ste. C
Lawrenceville, GA 30046
678-783-3689

Accepted by FINRA:

8/1/16
Date (mm/dd/yyyy)

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


James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850
Telephone: 301-258-8520
Facsimile: 202-721-8303