

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2011029207301**

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

**RE:** Keith Craig Baron, Respondent  
Registered Representative  
CRD No. 3231494

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Keith Craig Baron ("Baron") 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 Baron alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent hereby accepts and consents, 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**

Baron entered the securities industry in 1994 and received his Series 7 and Series 63 licenses in June 1999. In February 2009, Baron became employed as a registered representative with NYLIFE Securities LLC ("NYLIFE Securities" or "the Firm"), where he was employed until September 2011, when he resigned from the Firm. Since October, 2011, Baron has been employed by another FINRA regulated broker-dealer, and thus is subject to the jurisdiction of FINRA. Baron has no relevant disciplinary history.

**OVERVIEW**

While associated with NYLIFE, from March 2010 until October 2011, Baron failed to timely update his Form U-4 to disclose that he had been named as a defendant in a securities-related lawsuit, as required. In addition, Baron falsely certified to his member firm employer on an annual compliance questionnaire that he had complied with his obligation to update his Form U-4.

## **FACTS AND VIOLATIVE CONDUCT**

Pursuant to Article V, Section 2(c) of the FINRA By-Laws, a registered person who learns that his or her Form U-4 must be updated must file an amended Form U-4 within 30 days. Form U-4 question 14I requires registrants to disclose, among other things, whether they have been named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation alleging involvement in sales practice violations; or been the subject of a consumer-initiated complaint claiming damages of \$5,000 or more alleging forgery, theft, misappropriation, or conversion of funds or securities.

FINRA Rule 1122 requires that no member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof.

FINRA Rule 2010 requires the observance of high standards of commercial honor and just and equitable principles of trade.

On March 17, 2010, a lawsuit was filed in New York State Supreme Court for Nassau County (the "March 2010 Lawsuit"), alleging misconduct involving several related corporations, including fraud, misrepresentations, and theft of corporate assets and investor funds. Baron was named as a defendant in the lawsuit. On or about March 24, 2010, Baron was served with the complaint in the lawsuit.

Pursuant to Article V, Section 2(c) of FINRA's By-Laws, Baron was required to disclose on Form U-4 within 30 days that he had been named as a defendant in the March 2010 Lawsuit, because it was an investment-related civil action alleging that Baron had been involved in sales practice violations, and sought damages of \$5,000 or more and alleged that Baron had been involved with theft, fraud, and breach of fiduciary duty.

On July 7, 2011, Baron completed a Firm compliance questionnaire acknowledging that he understood and had complied with the requirement that he update his Form U-4, which was not true.

On October 3, 2011, more than eighteen months after Baron had been served in the lawsuit and more than seventeen months after the required disclosure date, Baron filed an amended Form U-4 disclosing that he had been named as a defendant in the March 2010 Lawsuit.

Based on the foregoing, Baron failed to amend his Form U-4 to timely disclose the March 2010 Lawsuit, and made a material misrepresentation of fact to his Firm, in violation of FINRA Rule 1122, Article V, Section 2(c) of the FINRA By-Laws, and FINRA Rule 2010.

- B. Respondent also consents to the imposition of the following sanctions:**
- a. a two-month suspension from association with any FINRA registrant in any capacity; and
  - b. a fine of \$10,000.

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

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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 sanctions imposed herein shall be effective on a date set by FINRA staff.

I.

**WAIVER OF PROCEDURAL RIGHTS**

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

- A. To have a Complaint issued specifying the allegations against him;
- 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 General Counsel, 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.

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 him; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about his disciplinary record;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof 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: (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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

12.18.13  
Date (mm/dd/yyyy)

Keith Baron  
Keith Craig Baron  
Respondent

Reviewed by:

Randy Zepelin  
Randy Zepelin, Esq.  
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New York, New York 10123  
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Accepted by FINRA:

1/8/14  
Date

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

Richard Chin  
Richard Chin, Esq.  
Chief Counsel  
FINRA Department of Enforcement  
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1 World Financial Center – 11<sup>th</sup> Floor  
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