

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2019061365002**

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

RE: Sean D. Casterline (Respondent)  
General Securities Representative and General Securities Principal  
CRD No. 2212919

Pursuant to FINRA Rule 9216, Respondent Sean D. Casterline 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 without admitting or denying them:

**BACKGROUND**

Casterline first registered with FINRA in 1992. Since May 2018, Casterline has been registered as a General Securities Representative, and since October 2018 as a General Securities Principal, through an association with Delta Securities Company, LLC (Delta Securities) (CRD No. 130577).<sup>1</sup>

**OVERVIEW**

From May 2018 to June 2019, Casterline participated in private securities transactions by soliciting the sale of approximately \$1.5 million in securities to 20 investors without providing prior notice to his firm, in violation of FINRA Rules 3280 and 2010.

**FACTS AND VIOLATIVE CONDUCT**

FINRA Rule 3280 defines a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member[.]” FINRA Rule 3280(b) requires that prior to participating in a private securities transaction, an associated person shall provide written notice to his or her firm “describing in detail the proposed transaction and the person’s proposed role therein and stating whether” he or she “has received or may receive selling compensation in

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<sup>1</sup> For more information about the Respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

connection with the transaction[.]” Additionally, FINRA Rule 3280(c) states that when an associated person has received or may receive selling compensation, the member firm shall provide written approval or disapproval of the associated person’s participation in the proposed private securities transaction. FINRA Rule 3280(e)(2) defines selling compensation as “any compensation paid directly or indirectly from whatever source in connection with or as a result of the purchase or sale of a security[.]” A violation of FINRA Rule 3280 is also a violation of FINRA Rule 2010, which requires FINRA members and associated persons to “observe high standards of commercial honor and just and equitable principles of trade” in the conduct of their business.

When Casterline became associated with Delta Securities,<sup>2</sup> he disclosed to the firm that he had an outside business activity as the Managing Director of Private Equity for an entity that was raising capital to develop and operate senior living facilities (the Issuer). But after joining Delta Securities, Casterline signed two agreements with Delta Securities that prohibited him from participating in any private securities transactions while the firm was undergoing an ownership change, through which Casterline would become the indirect owner of the firm, which was pending FINRA approval.

From May 2018 to June 2019, while registered through Delta Securities and prior to FINRA’s approval of the ownership change, Casterline participated in private securities transactions by soliciting investments in membership units issued by the Issuer. The membership units were securities. Casterline contacted prospective investors to notify them of the investment opportunity. Casterline then provided the private placement memorandum, subscription agreement, and other offering materials to interested investors; participated in discussions about the proposed investment with interested investors; and facilitated the sale of approximately \$1.5 million of the membership units to 20 investors. The Issuer paid Casterline \$116,325 in selling compensation for his participation in the transactions.

While Casterline had notified Delta Securities that he was engaged in an outside business activity with the Issuer, he did not provide prior written notice to or obtain written approval from Delta Securities to participate in the sales of the Issuer’s membership units. Casterline’s participation in the membership unit securities transactions was outside the regular course and scope of his employment with Delta Securities.

On June 6, 2019, the ownership change application was approved by FINRA and Casterline became the indirect sole owner of Delta Securities.

Therefore, Casterline violated FINRA Rules 3280 and 2010.

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

- an 18-month suspension from associating with any FINRA member in all capacities;

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<sup>2</sup> Delta Securities was formerly known as Maitland Securities, Inc.

- a \$5,000 fine; and
- disgorgement of selling compensation received in the amount of \$116,325 plus interest as described below.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments 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 an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

Disgorgement of selling compensation received is ordered to be paid to FINRA in the amount of \$116,325, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621, from June 30, 2019 until the date this AWC is accepted by the National Adjudicatory Council (NAC).

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, he 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 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 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 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 pre-judgment 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 he 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.

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; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

December 14, 2021

*Sean Casterline*

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Date

Sean D. Casterline  
Respondent

Reviewed by:

*Philip J. Snyderburn*

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Philip J. Snyderburn  
Counsel for Respondent  
Snyderburn, Rishoi & Swann, LLP  
2250 Lucien Way, Suite 140  
Maitland, FL 32751

Accepted by FINRA:

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

December 29, 2021

*David Newman*

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Date

David Newman  
Senior Counsel  
FINRA  
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