

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2020066408902**

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

RE: John Daniel Quinn (Respondent)  
Former General Securities Representative  
CRD No. 2576416

Pursuant to FINRA Rule 9216, Respondent John Daniel Quinn 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 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**

Respondent entered the securities industry in December 1994 when he became associated with a FINRA member firm. He first became registered with FINRA as a General Securities Representative (GSR) in December 1996. He was subsequently associated with nine FINRA member firms. In May 2019, he became associated with LPL Financial LLC, and registered with FINRA at that time as a GSR through his association with LPL. In October 2019, he became associated with VALIC Financial Advisors, Inc., and registered with FINRA at that time as a GSR through his association with VALIC.

According to a Form U5 filed by VALIC on February 22, 2021, Quinn was terminated on January 26, 2021 for “improper conduct/violation of company policy.” Quinn has not thereafter associated with any FINRA member firm, but remains subject to FINRA’s jurisdiction pursuant to Article V, Section IV of FINRA’s By-Laws.<sup>1</sup>

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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).

## **OVERVIEW**

Between June 2019 and September 2019, while associated with LPL, Quinn participated in six private securities transactions involving approximately \$1.2 million in total sales, without LPL's knowledge or approval, which constitutes a violation of FINRA Rules 3280 and 2010.

In addition, between July 2019 and January 2020, while associated with LPL and later with VALIC, Quinn engaged in an outside business activity without approval from his member firms, which constitutes a violation of FINRA Rules 3270 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a tip to FINRA's Office of the Whistleblower.

### ***A. Quinn Participated in Undisclosed Private Securities Transactions***

FINRA Rule 3280 prohibits any person associated with a member from participating in any private securities transaction without first providing written notice to the member firm that describes, in detail, the proposed transaction and the person's proposed role therein and states whether the person has received or may receive selling compensation in connection with the transaction. A violation of FINRA Rule 3280 also constitutes a violation of FINRA Rule 2010, which requires associated persons to observe high standards of commercial honor and just and equitable principles of trade.

Between June 2019 and September 2019, without disclosure to LPL, Quinn solicited six investors to purchase restricted shares of common stock in Company A, an industrial hemp company, through a Company A offering. The six investors, three of whom were LPL customers, purchased a total of \$1,247,500 of Company A restricted shares of common stock. Each investor purchased the shares after participating in a conference call with Company A's CEO that Quinn arranged. Quinn further facilitated certain investors' purchases by completing, or assisting in completing, investors' subscription documents; sending the completed subscription documents directly to Company A or to a Company A representative; identifying potential sources from which the investor could fund the purchase; and assisting two of the investors to liquidate securities to raise funds for their respective investments. Quinn received 2,540,000 restricted Company A shares of common stock in exchange for referring the investors to Company A.

In addition, in September 2019, Quinn falsely certified on LPL's annual compliance questionnaire that he had not participated in any private securities transactions.

Therefore, Respondent violated FINRA Rules 3280 and 2010.

### ***B. Quinn's Undisclosed Outside Business Activities***

FINRA Rule 3270 prohibits registered persons from conducting outside business activities without prior written notice to his or her FINRA member firm. In particular, the

rule prohibits registered persons from acting as an employee, independent contractor, sole proprietor, officer, director or partner of another person, or being compensated, or having 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, absent prior written notice to the member, in such form as specified by the member. A violation of FINRA Rule 3270 is also a violation of FINRA Rule 2010.

In May 2019, Quinn disclosed Quinn Wealth Management (“QWM”), an entity Quinn wholly owned, to LPL as an outside business activity. Quinn represented to LPL that the purpose of QWM was to hold real estate, and that it was not held out to the public or marketed. LPL approved QWM as an outside business activity.

In June 2019, Quinn requested approval from LPL to provide consulting services to Company A, an activity that was beyond the scope of the firm’s prior approval of Quinn’s outside business activity. LPL denied the request because Company A was in the cannabis business.

Nevertheless, beginning in July 2019, Quinn provided various consulting services to Company A through QWM, including providing pension plan guidance; reviewing audit and financial documents; discussing financing for Company A’s capital needs with its CEO; and providing general business advice. Company A paid Quinn, through QWM, \$85,000 for these services while Quinn was associated with LPL. Quinn never informed LPL that he provided these services, notwithstanding LPL’s denial of his request to do so. Quinn also failed to amend his outside business disclosure to accurately describe the services he was rendering to Company A through QWM.

When Quinn became associated with VALIC in October 2019, he disclosed QWM as an outside business activity, describing it as a business that bought, renovated, and sold property. Quinn’s description of QWM to VALIC was inaccurate because Quinn was providing consulting services to Company A through QWM and was not involved in any real estate business. Quinn continued to provide those services to Company A from October 2019 to January 2020 while he was associated with VALIC, without disclosure to, or approval from, VALIC. Company A paid Quinn \$20,000 for the services Quinn provided while he was associated with VALIC. In total, Quinn received \$105,000 in fees from Company A for his undisclosed and unapproved consulting activities.

In addition, Quinn falsely certified on LPL’s and VALIC’s 2019 annual compliance questionnaires that he had not engaged in any undisclosed outside business activities.

Therefore, Respondent violated FINRA Rules 3270 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; and
- a \$10,000 fine.

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.

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.

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 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

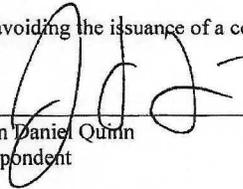
Respondent understands that:

- 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 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.

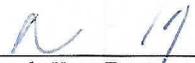
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the

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.

11/30/21  
Date

  
John Daniel Quinn  
Respondent

Reviewed by:

  
Randy Katz, Esq.  
Counsel for Respondent  
Clark Hill LLP  
1055 West Seventh Street  
Suite 2400  
Los Angeles, CA 90017

Accepted by FINRA:

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

December 16, 2021  
Date

  
Bruce M. Sabados  
Senior Counsel  
FINRA  
Department of Enforcement  
200 Liberty Street  
New York, NY 10281-1003