

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2010022029101**

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

RE: Aaron Lee Boehm  
CRD No. 3232128

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Aaron Boehm, submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violation 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**

On May 3, 1999, Aaron Lee Boehm ("Boehm") began his career in the securities industry as an associated person with FINRA regulated firm Dean Witter Reynolds Inc. In July 1999, he obtained his Series 7 (General Securities Representative) license and in August 1999, he obtained his Series 31 (Futures Managed Funds) and Series 63 (Uniform Securities Agent - State) licenses. On November 30, 2000, Boehm became registered with Charles Schwab & Co., Inc. ("Schwab" or the "firm") as a Series 7 (General Securities Representative) and Series 63 (Uniform Securities Agent - State). In October 2003, Boehm obtained his Series 9 & 10 (General Securities Sales Supervisor) licenses. In April 2005, he obtained his Series 66 (Uniform Combined State). Boehm remained registered at Schwab until his registration was terminated on November 13, 2009. Since November 13, 2009, Boehm has been registered with LPL Financial.

**OVERVIEW**

Boehm, a registered representative with Schwab, without notifying the firm or obtaining the firm's approval, entered into a business agreement with a firm customer, outside the

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scope of his relationship with the firm, in which he received compensation for providing financial advisory services to the customer. Boehm's actions constitute violations of NASD Rules 3030 and 2110.

### **FACTS AND VIOLATIVE CONDUCT**

On September 27, 2007, Boehm entered into a handwritten agreement with a Schwab customer while at the customer's garage sale wherein he agreed to provide financial advisory services to the customer in exchange for three older vehicles which the customer sold to him at a discounted price.

Prior to entering into the agreement, the customer's funds were held in a Schwab Managed Portfolios ("SMP") wrap account in which the customer paid an additional percentage for the management of his mutual funds within the account. After having the SMP account for a short period of time, the customer complained to Boehm about these additional fees associated with the account. Thereafter, the customer and Boehm entered into a handwritten written agreement wherein Boehm agreed to provide the customer with financial advisory services in exchange for the three older vehicles. The customer then proceeded to journal all of his positions out of the wrap account and back into a previously held no-fee account at the firm. Approximately one year later, during the market recession, the customer instructed Boehm to liquidate his positions, all at a significant loss. Although Boehm advised against the liquidation, the customer persisted in having Boehm liquidate the positions. Boehm did not provide any other financial advisory services to the customer during the duration of the term of the agreement (which ended on December 11, 2008). Nor did Boehm receive any payment for his services other than the receipt of the vehicles.

NASD Rule 3030 prohibits associated or registered individuals, such as Boehm, from being employed by, or accepting compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to his employer, and in the form required by the employer. Boehm entered into the above-described business agreement to provide financial advisory services to a firm customer, outside the scope of his relationship with his firm, and without first notifying the firm or obtaining the firm's written approval for the arrangement. Schwab's written supervisory procedures also specifically prohibited registered representatives from entering into outside employment or business activities without obtaining prior approval from the firm.

By entering into the business arrangement without notifying or seeking approval from Schwab, Boehm violated NASD Rules 3030 and 2110.

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

1. A thirty-day suspension in all capacities from associating with any FINRA member; and
2. A \$5,000.00 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction 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 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 prejudice 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.

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 response to public inquiries about my 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. 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 or its staff.

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 [the Firm] to submit it.

5-17-2011  
Date

Aaron L. Boehm  
Aaron L. Boehm, Respondent

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*Counsel for Aaron Boehm*

Accepted by FINRA:

6-8-11  
Date

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

Carolyn Craig  
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Director, Enforcement Center  
FINRA – Department of Enforcement  
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