

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**  
**LETTER OF ACCEPTANCE, WAIVER, AND CONSENT**  
**NO. 2022076795001**

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

**RE:** George Snyder IV (Respondent)  
Former General Securities Representative  
CRD No. 4276539

Pursuant to FINRA Rule 9216, Respondent George Snyder IV 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 by FINRA without admitting or denying them:

**BACKGROUND**

In October 2000, Snyder first became registered with FINRA as a General Securities Representative (GSR) through an association with Ameriprise Financial Services, LLC (CRD 6363). In a Uniform Termination Notice of Securities Industry Registration (Form U5) dated November 3, 2022, Ameriprise reported Snyder's termination for "[v]iolation of [the] firm's ETF solicitation policy."

Although Snyder is not currently registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4(a) of FINRA's By-Laws.<sup>1</sup>

**OVERVIEW**

Between January 2022 and August 2022, Snyder recommended that 18 retail customers make 33 purchases of securities without having a sufficient understanding of the risks and features associated with the products he recommended, and without analyzing whether the recommendations were in the best interest of any individual customer. As a

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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)

result, Snyder willfully violated the Care Obligation under Rule 15l-1 of the Securities Exchange Act of 1934 (Regulation BI or Reg BI) and violated FINRA Rule 2010.

Snyder also mismarked 32 of the order tickets relating to these transactions as unsolicited when, in fact, Snyder had solicited the transactions. As a result, Snyder violated FINRA Rules 4511 and 2010 by causing his member firm to make and preserve inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act and Rule 17a-3 thereunder.

Additionally, Snyder exercised discretionary authority when effecting six of the transactions without first obtaining written authorization from the customers and his member firm to treat the accounts as discretionary, in violation of FINRA Rules 3260(b) and 2010.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's review of the Ameriprise Form U5 filing.

#### ***Regulation Best Interest***

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15l-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Reg BI's Care Obligation, set forth at Exchange Act Rule 15l-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, understand the potential risks, rewards, and costs associated with a recommendation. Reg BI's Adopting Release provides that what constitutes "reasonable diligence" depends on, among other things, the complexity of, and risks associated with, the recommended security.<sup>2</sup> The Care Obligation requires broker-dealers and their associated persons to have a reasonable basis to believe that the recommendation could be in the best interest of at least *some* retail investors.

Reg BI's Care Obligation also requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation. Regulation BI defines a "retail customer investment profile" to include, but not be limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other

<sup>2</sup> *Regulation Best Interest: The Broker-Dealer Standard of Conduct*, Exchange Act Release No. 86031, 84 FR 33318 at 33376 (July 12, 2019).

information the customer may disclose to the member or associated person in connection with such recommendation.

The Adopting Release further provides that what is in the best interest of a retail customer depends on the facts and circumstances of the recommendation, including "matching" the recommended security to the retail customer's investment profile. Where the "match" between the retail customer profile and the recommendation appears less reasonable, it is more important for the associated person to establish that he or she had a reasonable belief that the recommendation was in the best interest of the retail customer.<sup>3</sup> Finally, the Adopting Release provides that, in addition to "matching" the recommendation to the customer's investment profile, an associated person should also exercise reasonable diligence, care, and skill to consider reasonably available alternatives.<sup>4</sup>

A violation of Reg BI also is a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

***Snyder recommended purchases that were not in the best interest of his customers.***

Between January 2022 and August 2022, Snyder recommended that 13 retail customers invest in leveraged exchange-traded funds, also known as Non-Traditional Exchange-Traded Products (NT-ETPs) on 18 occasions. These products seek to return multiples of the performance of an underlying index or benchmark they track. Most NT-ETPs reset daily, meaning they are designed to achieve their stated objectives over the course of one trading session, *i.e.*, a single day. As explained in FINRA Regulatory Notice 09-31, the performance of NT-ETPs over periods of time longer than a single trading session can differ significantly from the performance of their underlying index or benchmark during the same period of time. This Notice also advises that NT-ETFs "typically are not suitable for retail investors who plan to hold them for more than one trading session, particularly in volatile markets." In addition, on 15 occasions, Snyder recommended that 11 customers, including six of the 13 customers discussed above, invest in equity securities of two companies engaged in crypto asset mining.

Snyder did not have a reasonable basis to believe that the investments he recommended were suitable for any retail customer. Snyder did not have an understanding of the features and risks associated with the investments, including the holding-period risk of NT-ETPs or the volatility of the recommended stocks, and he was unfamiliar with the strategies or relative costs of the products he recommended. Snyder did not conduct research about the NT-ETPs he recommended and did not review their prospectuses, which specifically stated "[i]f you are considering holding fund shares for longer than a day, it's important that you understand the impact of Index returns and Index volatility (how much the value of the Index moves up and down from day-to-day) on your holding

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<sup>3</sup> Adopting Release at 33382.

<sup>4</sup> Adopting Release at 33381.

period return." Snyder also did not conduct any research about the stocks he recommended, and had no understanding of the potential volatility of the securities or of the businesses in which the issuers were engaged.

Snyder also recommended the transactions without conducting any analysis to determine whether they were in the best interest of each customer to whom he recommended the purchases. Snyder's customers had minimal or no prior experience investing in these products, and Snyder did not consider his customers' specific investment profiles, including their varying investment objectives, risk tolerance, or age. Six of the customers were senior investors, two of whom had moderate risk tolerances, and five additional customers had conservative or moderate risk tolerances.

As of June 12, 2024, the customers who purchased the recommended stocks suffered total realized losses of approximately \$30,000.<sup>5</sup> Snyder received total commissions of \$3,699.03 in connection with all 33 of his customers' purchases.

Therefore, Snyder willfully violated Exchange Act Rule 15l-1(a)(1) and violated FINRA Rule 2010.

***Snyder caused Ameriprise to make and preserve inaccurate books and records.***

FINRA Rule 4511 requires FINRA members to make and preserve books and records in conformity with Exchange Act Section 17(a) and Rule 17a-3 thereunder. Exchange Act Rule 17a-3 requires member firms, among other things, to make and keep a record of "each brokerage order" showing "the terms and conditions of the order," including "whether the order was solicited or unsolicited." Inherent in the obligation to make and preserve books and records is the requirement that they be accurate. A registered representative who causes their firm to fail to comply with these record-keeping obligations violates FINRA Rule 4511. A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

Between January and August 2022, Snyder mismarked 32 order tickets associated with the recommendations described above as unsolicited when he had solicited the trades. By mismarking these order tickets, Snyder caused Ameriprise to make and preserve inaccurate books and records with respect to these trades in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

Therefore, Snyder violated FINRA Rules 4511 and 2010.

***Snyder exercised discretion without written authorization.***

FINRA Rule 3260(b) prohibits a registered representative from exercising discretionary trading authority in a customer's account unless the customer has given the representative prior written authorization and the account has been accepted in writing as a discretionary

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<sup>5</sup> Ameriprise offered rescission of the relevant transactions to each of the customers.

account by the representative's member firm employer. A violation of FINRA Rule 3260(b) is also a violation of FINRA Rule 2010.

Between January and August 2022, Snyder exercised discretion without prior written authorization when effecting six of the transactions described above. Although the customers had given Snyder implied authority to exercise discretion in their accounts, none of the customers provided written authorization for Snyder to exercise discretion. At all relevant times, Ameriprise's WSPs prohibited discretionary trading in brokerage accounts.

Therefore, Snyder violated FINRA Rules 3260(b) and 2010.

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

- a five-month suspension from associating with any FINRA member in all capacities;
- a \$10,000 fine; and
- disgorgement of \$3,699.03 plus interest as described below.

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.

Respondent understands that this settlement includes a finding that he willfully violated Rule 15c-1(a)(1) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

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 sanctions imposed in this matter.

Disgorgement of commissions received is ordered to be paid to FINRA in the amount of \$3,699.03, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. § 6621(a)(2), from January 19, 2022 until the date this AWC is accepted by the National Adjudicatory Council (NAC). Disgorgement 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.

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 prejudice 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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA for legal advice. 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.

9/29/2024  
Date

  
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George Snyder IV  
Respondent

Accepted by FINRA:

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

A handwritten signature in blue ink, appearing to read "Sean Heikkila", is positioned above a horizontal line.

10/11/2024

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Date

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Sean Heikkila  
Counsel  
FINRA  
Department of Enforcement  
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New York, NY 10281