

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022073844901**

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

RE: Gregory E. Collins (Respondent)  
Former General Securities Representative and General Securities Principal  
CRD No. 4224616

Pursuant to FINRA Rule 9216, Respondent Gregory E. Collins 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**

Collins first entered the securities industry in October 1998, when he became associated with a FINRA member firm. He first registered with FINRA as a General Securities Representative (GS) in August 2000 and was associated with several FINRA member firms from 2000 to 2018 during which he registered as an Investment Company and Variable Contracts Products Representative in April 2013 and as a General Securities Principal (GP) in December 2014. Collins then became associated with LPL in February 2018 and registered as a GS and GP. Upon Collins' voluntary resignation, LPL filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on August 4, 2021. On January 4, 2022, LPL filed an Amended Form U5 on behalf of Collins, stating that an internal review found that Collins had "offered paid online financial education courses after Firm disapproval of activity, and that former representative did not receive Firm approval prior to consulting for a hedge fund, an activity that was ultimately disapproved." FINRA retains jurisdiction over Collins pursuant to Article V, Section 4, of FINRA's By-Laws.<sup>1</sup>

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

## **OVERVIEW**

From 2019 through July 2021, while associated with LPL, Collins earned over \$150,000 from five outside business activities, one of which involved serving as a strategic advisor for a hedge fund. He failed to provide notice of three of his outside business activities to his firm. He became involved in the other two, including his activities for the hedge fund, before providing notice to his firm, and continued after his firm explicitly denied his requests to participate in them. He therefore violated FINRA Rules 3270 and 2010. As part of his responsibilities for the hedge fund, Collins traded securities on behalf of the hedge fund without providing prior written notice to LPL, in violation of FINRA Rules 3280 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from FINRA's review of the Form U5 Amendment LPL filed on January 4, 2022.

### **Outside Business Activities**

FINRA Rule 3270 provides, in relevant part, that: "No registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have 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, unless he or she has provided 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 FINR Rule 2010, which requires an associated person to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

At all relevant times, LPL's written supervisory procedures required registered representatives to disclose to the firm, in writing, any outside business activities prior to engaging in such activity. The firm prohibited representatives from engaging in any outside business activity before receiving confirmation and approval from the firm.

From 2019 through July 2021, while registered with LPL, Collins earned over \$150,000 by engaging in multiple outside business activities outside the scope of his relationship with LPL.

From 2019 to July 2021, Collins worked as a lecturer in finance at two universities and at a retail distributor, receiving compensation from all three positions. He did not disclose these outside business activities to LPL or get the firm's approval to engage in them.

Collins engaged in two other activities after the firm denied Collins' requests to participate in them. From July 2019 through July 2021, Collins served as the "strategic advisor" to a hedge fund, where he provided investment advice and other services to the fund. Collins received approximately \$5,000 each month in compensation for his work

for the hedge fund. In January 2020, Collins first disclosed this activity to his firm, inaccurately and incompletely describing his role merely as a “consultant.” LPL’s policies and procedures explicitly prohibited brokers from engaging in such activity, and the firm denied Collins’ request. Collins, nevertheless, continued acting as a strategic advisor to the hedge fund until June 8, 2021, when LPL initiated an internal investigation into his continued participation in unapproved business activities. Similarly, Collins created a website in 2017 with the ultimate purpose of selling online financial education courses. He disclosed the website to LPL for approval on December 31, 2019, and the firm explicitly denied approval for Collins’ participation. Despite the firm’s denial, Collins maintained the website until July 2021. He had a reasonable expectation of compensation from the website because it offered financial education courses to the public for a fee.

From 2019 through July 2021, Collins submitted two false compliance attestations to LPL representing that he had disclosed all outside business activities to the firm.

Therefore, Collins violated FINRA Rules 3270 and 2010.

### **Private Securities Transactions**

FINRA Rule 3280(b) states that “[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person’s proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction.” FINRA Rule 3280(e)(1) defines a private securities transaction as “any securities transaction outside the regular course or scope of an associated person’s employment with a member.” A violation of FINRA Rule 3280 is also a violation of FINRA Rule 2010, which requires an associated person in the conduct of their business to “observe high standards of commercial honor and just and equitable principles of trade.”

At all relevant times, LPL’s written supervisory procedures required registered representatives to disclose to the firm, in writing, any private securities transactions prior to engaging in any such transactions. The firm prohibited representatives from engaging in any private securities transactions before receiving confirmation and approval from the firm.

In June and July 2021, as part of his role as strategic advisor to a hedge fund, Collins traded securities on behalf of the hedge fund through the fund’s brokerage account at a firm outside of LPL. Collins did not notify LPL that he was trading on behalf of the fund.

Therefore, Collins violated FINRA Rules 3280 and 2010.

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

- a six-month suspension from associating with any FINRA member in all capacities; and
- a \$12,500 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.

June 9, 2023

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Date

*Gregory E. Collins*

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Gregory E. Collins  
Respondent

Reviewed by:

*Alan M. Wolper*

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Alan M. Wolper  
Counsel for Respondent  
Ulmer & Berne LLP  
500 W. Madison Street, Suite 3600  
Chicago Illinois 60661-4587

Accepted by FINRA:

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

July 24, 2023

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Date

*Alexander Feldman*

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Alex Feldman  
Principal Counsel  
FINRA Department of Enforcement  
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200 Liberty Street  
New York, NY 10281-1003