

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015043159501**

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

RE: Kevin Patrick Murphy (CRD No. 1680861),  
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Kevin Patrick Murphy (CRD No. 1680861) ("Murphy" or "Respondent"), submit 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 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**

Murphy entered the securities industry in December 1989. From December 1989 through January 2014, Murphy was registered with FINRA through associations with nine member firms. Most recently, Murphy was registered with FINRA as a General Securities Representative from July 2012 to January 15, 2014, through an association with TGP Securities, Inc. (BD No. 159008) ("TGP"). On January 15, 2014, TGP filed a Uniform Termination Notice for Securities Industry Registration terminating Murphy's registrations effective that day. The termination was voluntary.

Murphy has not since been registered with a FINRA member firm, but he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

Murphy has no prior formal disciplinary history with the Securities and Exchange

Commission, any self-regulatory organization or any state securities regulator.

### **OVERVIEW**

In or about November 2013, Murphy sold \$1.2 million of shares and warrants in a private placement to four individuals and one limited partnership without his firm's knowledge or consent in violation of NASD Conduct Rule 3040 and FINRA Rule 2010.

### **FACTS AND VIOLATIVE CONDUCT**

NASD Conduct Rule 3040 prohibits an associated person from "participat[ing] in any manner in a private securities transaction" unless, prior to participating in the transaction, the associated person provides "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." A "private securities transaction" is defined in Rule 3040(e)(1) as "any transaction outside the course or scope of an associated person's employment with a member..."

FINRA Rule 2010 provides that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

In August and September, 2013, with the permission of TGP, Murphy made a \$1.2 million investment in a private placement for which TGP was providing brokerage services. In return for his investment, Murphy received two stock certificates (totaling 600,000 Series F shares) and two warrants (exercisable for 300,000 common shares).

On November 29, 2013, and during his association with TGP, Murphy resold the Series F shares and the warrants to four individuals and one limited partnership for \$1.2 million.

TGP's written supervisory procedures did not permit its registered representatives to engage in private securities transactions without approval from each of the firm's President and Chief Compliance Officer. Murphy did not secure these approvals, nor did Murphy provide prior written notice to TGP regarding these transactions.

Accordingly, Murphy violated NASD Conduct Rule 3040 and FINRA Rule 2010.

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

- A suspension from association with any FINRA member firm, in all capacities, for a period of 12 months; and
- A \$10,000 fine.

I understand that if I am suspended from associating with any FINRA member, I become 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, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the suspension (see FINRA Rules 8310 and 8311).

The fine shall be due and payable either immediately upon reassociation with a member firm following the 12-month suspension noted above, 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.

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 ("NAC") 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 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 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

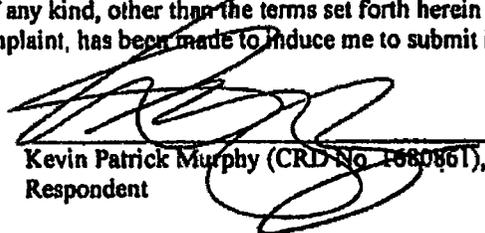
I understand that:

- 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 accordance with FINRA Rule 8313;
  - 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: (i) testimonial obligations; or (ii) 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 to submit it.

01/06/2016  
Date (mm/dd/yyyy)

  
Kevin Patrick Murphy (CRD No. 1680861),  
Respondent

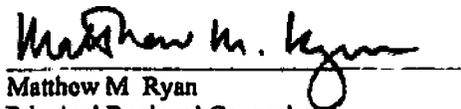
Reviewed by:

  
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Accepted by FINRA:

January 11, 2016  
Date

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

  
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Principal Regional Counsel  
FINRA Department of Enforcement  
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