

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040813201**

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

RE: Christopher Breland Kelly, Respondent
Former Registered Representative
CRD No. 2306054

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Christopher Breland Kelly ("Kelly" or "Respondent") first registered with a FINRA member firm as a General Securities Representative ("GSR") (Series 7) on February 7, 1995. From February 1995 to December 2005, Kelly was registered with seven different FINRA members. He became registered with LPL Financial, LLC ("LPL" or the "Firm") as a GSR on December 5, 2005, and registered as a General Securities Principal (Series 24) on February 22, 2006. On April 8, 2014, the Firm filed a Form U5 terminating Kelly's registration. Kelly is not currently registered with any FINRA member firm. Kelly has no disciplinary history in the securities industry.

Although Kelly is not currently registered, FINRA retains jurisdiction over him pursuant to Article V, Section 4(a) of FINRA's By-Laws.

OVERVIEW

On March 1, 2009, Kelly borrowed \$150,000 from two customers (a husband and wife) in violation of his Firm's borrowing policy. On April 29, 2011, he participated in a private securities transaction when he sold a \$150,000 investment in his investment advisory business. Kelly did not inform his Firm or provide written notice to his Firm of the borrowing arrangement or private securities transaction. By virtue of the foregoing, Kelly violated NASD Rules 2370(a) and 3040(a) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Borrowing from Customers

NASD Rule 2370(a) prohibited any associated person from borrowing money from a customer unless the member has written procedures allowing such borrowing and the borrowing meets one of a number of specified conditions.

On or about March 1, 2009, Kelly borrowed \$150,000 from two customers in violation of the Firm's borrowing policy. The Firm's borrowing policy prohibited associated persons from borrowing from customers unless the associated member sought an exception from the Firm. The Firm granted exceptions in limited circumstances such as borrowing from a family member. Kelly did not disclose his borrowing arrangement to Firm, let alone seek an exception to the prohibition on borrowing. Accordingly, Kelly violated NASD Rule 2370(a) and FINRA Rule 2010.

Private Securities Transaction

NASD Rule 3040(a) prohibited any associated person from participating in a private securities transaction except in accordance with the requirements of the Rule. Among these requirements, the associated person must provide prior written notice to the member describing in detail the proposed transaction and the person's proposed role therein.

On or about April 29, 2011, Kelly participated in a private securities transaction when he sold a \$150,000 convertible preferred equity interest in his investment advisory business to one investor. Kelly failed to provide his Firm with prior written notice of the transaction. Accordingly, Kelly violated NASD Rule 3040(a) and FINRA Rule 2010.

- B. I also consent to the imposition of the following sanctions:
- A suspension from associating with any FINRA member firm in any and all capacities for four (4) months; and
 - A fine of \$10,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the four 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.

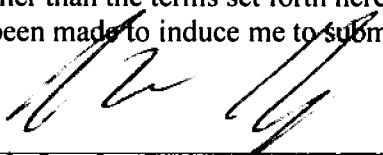
OTHER MATTERS

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.

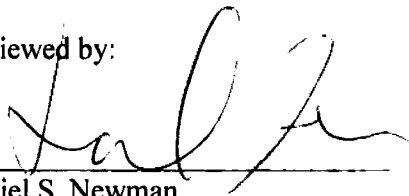
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

1/15/2016
Date (mm/dd/yyyy)



Christopher Breland Kelly, Respondent

Reviewed by:

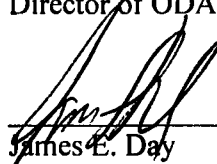


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Accepted by FINRA:

2/24/16
Date

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



James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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