

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2013037483101**

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

RE: Christopher J. Elliott, Respondent  
General Securities Representative  
CRD No. 5349493

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Christopher J. Elliott ("Elliott" 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**

In September 2007, Elliott first became registered with FINRA as a General Securities Representative ("GS") through an association with a member firm. From January 2012 through March 2014, Elliott was registered as a GS through Infinex Investments, Inc. (BD No. 35371) ("Infinex"). Elliott was registered as a GS through a different member firm from July 2015 through December 2015. Elliott is not currently associated with a member firm, but remains subject to FINRA's jurisdiction, pursuant to Article V, Section 4 of the FINRA By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

Elliott has no relevant disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

**OVERVIEW**

Elliott recommended unsuitable transactions in inverse and inverse-leveraged

Exchange Traded Funds and Exchange Traded Notes (collectively, “Non-Traditional ETFs and ETNs”) in the accounts of three customers, in violation of FINRA Rules 2111 and 2010. In two of these customers’ accounts, Elliott also exercised discretion without having obtained prior written authorization, in violation of NASD Conduct Rule 2510(b) and FINRA Rule 2010.

### **FACTS AND VIOLATIVE CONDUCT**

From December 2012 through May 2013, Elliott recommended unsuitable ETF and ETN transactions to at least three of his customers. Elliott recommended approximately 150 transactions in ETFs and ETNs that did not comport with the customers’ financial situations, moderate investment objectives and minimal tolerance for risk, as stated on the customers’ account profiles. Elliott held several of these Non-Traditional ETFs and ETNs in his customers’ accounts for periods as long as a month, despite the fact that these Non-Traditional ETFs and ETNs were short-term trading vehicles not meant to be held for extended periods. Collectively, the customers lost approximately \$24,850 because of their investments in Non-Traditional ETFs and ETNs.<sup>1</sup> By recommending unsuitable transactions, Elliott violated FINRA Rules 2111 and 2010.

During this same time period, Elliott also exercised discretion in accounts belonging to two of these customers. Elliott exercised discretion notwithstanding the fact that he did not have written authorization from the customers to place discretionary trades. Infinex did not allow discretionary trading in customer accounts, and had not accepted the accounts as discretionary. By exercising discretion without written authorization and approval, Elliott violated NASD Conduct Rule 2510(b) 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 capacity for two months; and
- a \$7,500 fine.

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

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<sup>1</sup> Infinex has already paid restitution to the customers for these losses.

I understand that if I am barred or 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 bar or suspension (see FINRA Rules 8310 and 8311).

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**

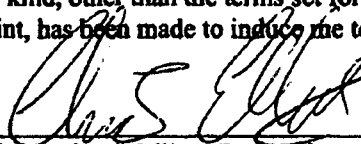
I understand that:

- 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;
- 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; and
- 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.

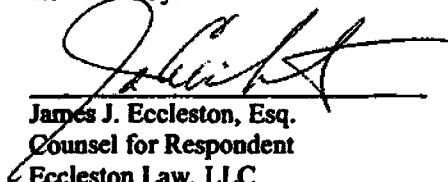
3/4/2016

Date (mm/dd/yyyy)



Christopher J. Elliott, Respondent

Reviewed by:



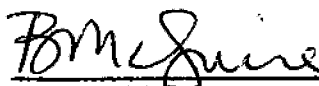
James J. Eccleston, Esq.  
Counsel for Respondent  
Eccleston Law, LLC  
55 West Monroe St., Suite 610  
Chicago, IL 60603  
Tel: (312) 332-0000

Accepted by FINRA:

3/23/16

Date

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



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