

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016051683901**

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

**RE: Fan Kam Yip, Respondent ("Yip")
General Securities Representative
CRD No. 4775948**

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

Yip entered the securities industry in April 2004 as a General Securities Representative ("GSR") through an association with a FINRA member firm, where he later became registered as an Investment Company Products/Variable Contracts Principal ("IP") in July 2006. In 2008, Yip became employed as a registered representative with Raymond James Financial Services Inc., ("Raymond James" or "the Firm") in Bellevue, Washington, where he was registered as a GSR and IP, and in September 2010, became registered as a General Securities Principal.

On September 14, 2016, Raymond James terminated Yip's employment. On October 13, 2016, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") regarding Yip. The Form U5 disclosed that Yip's employment was terminated "for activity related to a client initiated litigation involving an investment sold away from the firm."

Yip is not currently associated with a FINRA-regulated broker-dealer. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Yip.

RELEVANT DISCIPLINARY HISTORY

Yip has no previous disciplinary history with the Securities and Exchange Commission, any state securities agency, FINRA or any other self-regulatory organization.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits any person associated with a member from "participat[ing] in any manner in a private securities transaction" without first providing written notice to his member firm. NASD Rule 3040(e) defines a private securities transaction as "any securities transaction outside of the regular course or scope of an associated person's employment with a member."

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of NASD Rule 3040 is also a violation of FINRA Rule 2010.

On June 12, 2013, Yip participated in a private securities transaction. Specifically, Yip solicited Firm customer T.C. to invest in a weight management start-up company. Yip facilitated the customer's investment in the company by conducting research, conducting site visits of potential storefront locations, and helping to complete the required paperwork for the investment. Ultimately, the customer invested \$50,000 in a subordinated convertible promissory note with a two-year maturity date. Yip received a \$3,000 finder's fee from the issuer in connection with the transaction. As a result of Yip's actions, the Firm terminated Yip's employment and partially reimbursed the customer for her losses. Yip agreed to indemnify his former co-branch manager for the Firm's payment to the customer.

In addition to participating in the private securities transaction, Yip failed to disclose it to the Firm as required. In annual compliance questionnaires for 2014 and 2015 Yip indicated he understood that private securities transactions away from the Firm were prohibited without prior approval, and, in his 2015 compliance questionnaire, Yip affirmed that he transacted all of his securities business through the Firm.

As a result of the foregoing, Yip violated NASD Rule 3040 and FINRA Rule 2010.

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

- A three-month suspension from association with any FINRA member firm in any capacity;
- Restitution in the amount of \$5,000.

Restitution is ordered to be paid to the customer, T.C., in the total amount of \$5,000, 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 June 12, 2013, until the date this AWC is accepted by the NAC.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay full restitution immediately upon issuance of the AWC. In light of the financial status of respondent, restitution of \$5,000 to customer T.C. shall be payable in five \$1,000 installments, plus a sixth and final payment consisting of accrued interest as described above, commencing with the first payment to be made on the 15th day of the month following notice that this AWC has been accepted. Interest shall continue to accrue as described above.

Respondent shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution after each payment due under the installment plan. Such proof shall be submitted to Karen Cherrington, Brookfield Place, 200 Liberty Street, 11th Floor, New York, New York 10281, either by letter that identifies Respondent Yip and case number 2016048560401 and includes a copy of the check, money order or other method of payment or by e-mail, with pdf copies of the payment documentation to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 15 days after each payment is due.

If for any reason Respondent cannot locate customer T.C. after reasonable and documented efforts within 15 days from the date each payment is due under the installment plan, or such additional period agreed to by a FINRA staff member in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Respondent shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

Respondent has specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanction(s) imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 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 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, Fan Kam Yip, 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.

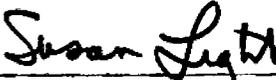
July 31st, 2017


Fan Kam Yip, Respondent

Accepted by FINRA:

8/25/17
Date

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


Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
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