

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015047243101**

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

RE: Joseph Daniel Krueger, II, Respondent  
General Securities Representative  
CRD No. 4229727

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**

Joseph Daniel Krueger, II began his career in the securities industry in July 2000. In March 2001, Krueger became associated with Stifel, Nicolaus & Company, Inc. until he was terminated in September 2015. Krueger is currently registered with Robert W. Baird & Co, Inc. and holds Series 7 and 66 licenses.

**OVERVIEW**

Between February and July 2015, Krueger engaged in private securities transactions by issuing \$200,000 in convertible promissory notes in connection with his previously disclosed outside business activity. Krueger failed to provide prior written notice to his firm regarding these securities transactions and thereby violated NASD Rule 3040 and FINRA Rule 2010.

## FACTS AND VIOLATIVE CONDUCT

In June 2014, Krueger disclosed to his firm as an outside business activity a start-up company he created to develop a social media monitoring app. Between February and July 2015, five of Krueger's friends – four of whom were firm customers – invested a total of \$200,000 in Krueger's company. In exchange for these investments, Krueger, in his capacity as manager of the company, executed convertible promissory notes paying 6% interest. Upon maturity of the notes, each investor could elect to convert the outstanding principal and unpaid interest into equity (based on a formula whereby \$50,000 would equal 1% ownership in the company). Krueger neglected to provide prior written notice to his firm regarding these securities transactions.

NASD Rule 3040, in effect at the time, prohibited any person associated with a member firm from "participat[ing] in any manner in a private securities transaction," unless, prior to participating in the transaction, the associated person provided "written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein . . . ."<sup>1</sup> A violation of NASD Rule 3040 is also a violation of FINRA Rule 2010. By participating in private securities transactions without providing prior written notice to his firm, Krueger violated NASD Rule 3040 and FINRA Rule 2010.

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

- a three-month suspension from associating with any FINRA member in any capacity; and
- a \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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.

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<sup>1</sup> NASD Rule 3040 was in effect until September 21, 2015, and thus is the governing rule for this case.

## 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.

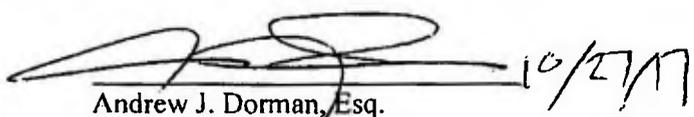
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

6/27/2017  
Date (mm/dd/yyyy)

  
\_\_\_\_\_  
Joseph Daniel Krueger

Reviewed by:

A handwritten signature in black ink, followed by the date "10/27/17" written in a similar style.

Andrew J. Dorman, Esq.  
Counsel for Respondent  
Reminger Co., L.P.A.  
101 West Prospect Avenue, Suite 1400  
Cleveland, OH 44115  
(216) 430-2169

Accepted by FINRA:

12/4/17  
Date

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

  
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Mitka T. Baker  
Senior Counsel  
FINRA Department of Enforcement  
15200 Omega Drive, 3<sup>rd</sup> Floor  
Rockville, MD 20850  
(301) 258-8504