

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014038990601**

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

RE: Don Traywick, Respondent
General Securities Representative
CRD No. 2410109

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

Don Traywick entered the securities industry in 1993. Subsequently, he was associated with several member firms and was registered as a General Securities Representative ("GSR") and a General Securities Principal ("GSP"). From June 2000 through December 2016, he was associated with Crown Capital Securities, L.P. and was registered as a GSR and a GSP. Traywick currently is associated with another FINRA member firm and is registered as a GSR. Traywick has no relevant disciplinary history.

OVERVIEW

From April 2012 to July 2014, Traywick recommended and effected 61 unsuitable short-term switches of Class A mutual fund shares in a customer's accounts. Based on the foregoing, Traywick violated NASD Rule 2310 (for conduct before

July 9, 2012), FINRA Rule 2111 (for conduct on and after July 9, 2012), and FINRA Rule 2010.¹

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 2111, like its predecessor NASD Rule 2310, states that an associated person must have a “reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.” A violation of these rules also constitutes a violation of FINRA Rule 2010.

From April 2012 to July 2014, Traywick engaged in a pattern of recommending short-term switching of Class A mutual fund shares to one of his customers. Specifically, Traywick recommended and effected the purchase of Class A mutual fund shares in accounts belonging to customer LC, the redemption of those shares within a year of their purchase (with an average holding period of 175 days), and the purchase of Class A mutual fund shares offered by a different mutual fund company using the redemption proceeds. Traywick’s recommendations resulted in 61 short-term switches of Class A mutual fund shares, customer LC paying unnecessary front-end sales loads with each new recommended purchase, and customer LC incurring losses of \$5,113.² Traywick did not have a reasonable basis to believe that these recommended fund transactions were suitable for customer LC.

By virtue of the foregoing, Traywick violated NASD Rule 2310 (for conduct before July 9, 2012), and FINRA Rule 2111 (for conduct on and after July 9, 2012), 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;
- A \$5,000 fine; and
- Disgorgement of a portion of commissions received, which is ordered to be paid to FINRA in the amount of \$10,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from April 1, 2012 until the date this AWC is accepted by the National Adjudicatory Council (“NAC”).

¹ NASD Rule 2310 was replaced by FINRA Rule 2111 effective July 9, 2012. Because the conduct at issue in this AWC took place before and after July 9, 2012, both rules apply.

² Crown Capital Securities compensated LC for these losses.

I agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are 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 sanctions imposed in this matter.

Disgorgement of a portion of commissions received, which is ordered to be paid to FINRA in the amount of \$10,000, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from April 1, 2012 until the date this AWC is accepted by the NAC.

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 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 understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

April 01, 2018
Date (mm/dd/yyyy)

Don Traywick
Don Traywick

Accepted by FINRA:

April 26, 2018
Date

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

Douglas Ramsey
~~Soo H. Im~~ ~~Senior Regional Counsel~~ ~~Deputy Regional Chief Counsel~~
FINRA Department of Enforcement
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