

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 201805948170}**

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

RE: Carol Ann Holesha, Respondent
General Securities Representative
CRD No. 1490209

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I, Carol Ann Holesha (“Holesha” 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 April 1986, Holesha entered the securities industry as a General Securities Representative with a FINRA member firm. In September 2009, she became registered in the same capacity with LPL Financial LLC (“LPL” or the “Firm”). In July 2018, LPL terminated her registration. Since that time, Holesha has not been registered or associated with a FINRA member firm. Holesha, however, remains subject to FINRA’s jurisdiction pursuant to Article V, Section 4(a) of FINRA’s By-Laws.

RELEVANT DISCIPLINARY HISTORY

Holesha has no prior disciplinary history.

OVERVIEW

In May 2013, Holesha borrowed \$125,000 from a Firm customer, in violation of FINRA Rules 3240 and 2010. Additionally, between 2013 and 2017, Holesha made misstatements to the Firm in her annual compliance questionnaires, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Holesha Borrowed Funds from a Firm Customer

FINRA Rule 3240 prohibits a person associated with a FINRA member firm in any registered capacity from borrowing money from a customer unless the registered person's firm has written procedures permitting the borrowing of funds from customers and the borrowing arrangement meets at least one of five conditions specified in the rule. One such condition is that the lending arrangement is based on a personal relationship that is outside of the broker-customer relationship. For this particular lending arrangement to be permissible, however, the registered person must notify the member of the arrangement prior to entering into it, and the member firm must pre-approve it in writing.

FINRA Rule 2010 requires each FINRA member and its associated persons "to observe high standards of commercial honor and just and equitable principles of trade." A violation of FINRA Rule 3240 is a violation of FINRA Rule 2010.

During 2013, LPL's written supervisory procedures ("WSPs") prohibited its representatives from borrowing funds from others, unless the Firm made an exception to that general prohibition.

In 2013, DF was a senior investor with a brokerage account at LPL. Holesha and DF were personal friends and Holesha was the LPL registered representative assigned to service DF's LPL account. In May 2013, Holesha borrowed \$125,000 from DF, in order to facilitate a real estate purchase. There was no promissory note or other document memorializing the loan from DF to Holesha, and the oral agreement that Holesha and DF entered into had no specific terms regarding interest or repayment. However, based on the oral agreement, Holesha agreed to repay DF the borrowed funds in the future.

Holesha did not notify LPL that she was borrowing funds from DF. She did not seek an exception to LPL's general prohibition against borrowing money from others, nor did she seek or receive prior approval from LPL before entering into the lending arrangement with DF.

By virtue of the foregoing, Holesha violated FINRA Rules 3240 and 2010.

Holesha Made Misleading Statements to Her Firm

A registered representative violates FINRA Rule 2010 when he or she submits misleading forms or other documents, including annual compliance questionnaires, to a member firm.

Between 2013 and 2017, LPL required its registered representatives, including Holesha, to disclose in their annual compliance questionnaires any loans they received from Firm customers. Specifically, each questionnaire used by LPL between 2013 and 2017 required each LPL registered representative to identify whether he or she “borrowed or loaned any money or securities from or to another individual or entity.”

Holesha completed the annual compliance questionnaire for each of the years 2013 through 2017, stating each year that she had not borrowed or loaned any money or securities from or to another individual or entity. Holesha’s statements to LPL were misleading, however, as she had, in fact, borrowed \$125,000 from customer DF in May 2013.

By virtue of the foregoing, Holesha violated FINRA Rule 2010.

B. Holesha also consents to the imposition of the following sanctions:

A suspension from association with any FINRA member firm in any capacity for five months, a \$7,500 fine, and a requirement that she pay restitution to EF in the amount of \$125,000, plus interest.

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

An order to pay restitution to DF in the total amount of \$125,000, 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 May 2013, until the date of payment. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm, 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. 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. If for any reason Respondent cannot locate DF after reasonable

and documented efforts within such period, or such additional period agreed to by the staff, 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.

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.

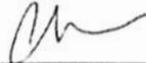
OTHER MATTERS

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; 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.**

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.

11/1/18
Date



Carol Ann Holesha

Accepted by FINRA:

11-15-18
Date

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



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