

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2019061440201**

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

RE: Pratul V. Agnihotri, Respondent
General Securities Representative
CRD No. 4031797

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Pratul V. Agnihotri submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Agnihotri first became registered with FINRA in October 1999 as a General Securities Representative (GS) through an association with a former FINRA member firm. From February 2010 through October 2017, Agnihotri was registered as a GS at Aegis Capital Corp. (CRD No. 15007). He was then registered as a GS through Spartan Capital Securities, LLC (CRD No. 146251) from October 2017 to January 2019. On January 30, 2019, Spartan filed a Uniform Termination Notice for Securities Industry Registration disclosing that Agnihotri was terminated because he "did not disclose an outside business activity." Since July 2019, Agnihotri has been registered as a GS through another FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

Between February 2015 and January 2019, Agnihotri formed and became the Chief Executive Officer of Exergizer Corporation, a company that purportedly sold an exercise apparatus. Agnihotri engaged in this outside business activity ("OBA") without providing prior written notice to either of the member firms—Aegis and Spartan—with which he was associated during that period. In April 2018, Agnihtori also improperly used funds received from a firm customer intended to be used for purposes related to Exergizer.

FACTS AND VIOLATIVE CONDUCT

Agnihotri Engaged in an Undisclosed Outside Business Activity

FINRA Rule 3270 provides, in relevant part: "[n]o registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member." A violation of FINRA Rule 3270 is also a violation of FINRA Rule 2010, which requires that, a member and its associated persons, in the conduct of their business, "shall observe high standards of commercial honor and just and equitable principles of trade."

In February 2015, while associated with Aegis, Agnihotri formed Exergizer, and became its CEO. Aegis's written supervisory procedures required employees to disclose outside business activities to the firm, in writing, including, but not limited to, activities where the employee serves as "an officer, director, or partner." From February 2015 through October 2017, when he left Aegis, Agnihotri never provided written notice of his involvement in or status as CEO of Exergizer to Aegis. Additionally, on Aegis's annual compliance attestations for 2015 and 2016, Agnihotri falsely replied "no" to the question of whether he maintained any OBAs.

Spartan's written supervisory procedures similarly required employees to disclose outside business activities to the firm, in writing, including, but not limited to, activities where the employee serves as "an officer, director, or partner." Spartan permitted new employees to continue their existing OBAs only upon receipt of prior written approval from the firm. From the time he first associated with Spartan in October 2017 until his termination in January 2019, Agnihotri did not provide any written notice of his involvement in Exergizer to Spartan.

By virtue of the foregoing, Agnihotri violated FINRA Rules 3270 and 2010.

Agnihotri Improperly Used a Customer's Funds

FINRA Rule 2150(a) prohibits a member or person associated with a member from

making "improper use of a customer's securities or funds." Improper use occurs when an associated person fails to use a customer's funds as the customer directed. A violation of FINRA Rule 2150 is also a violation of FINRA Rule 2010.

In April 2018, Agnihotri received an \$8,000 check from Spartan customer RG to be used for Exergizer. Although Agnihotri did not provide RG with any written documentation indicating how RG's funds were to be used, Agnihotri and RG both understood that the funds would be used for Exergizer-related business expenses. The scope of the business expenses or the specific expenses for which the funds would be used, however, were not delineated. Agnihotri deposited RG's check into the Exergizer bank account, which Agnihotri controlled. Agnihotri used approximately \$919 of this amount to pay expenses that he characterized as related to Exergizer's business, but RG disagreed with that characterization. Agnihotri later repaid RG the entire \$8,000.

By virtue of the foregoing, Agnihotri violated FINRA Rules 2150 and 2010.

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

- A 12-month suspension from association with any FINRA member firm in all capacities; and,
- A fine of \$7,500.

Respondent agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands that:

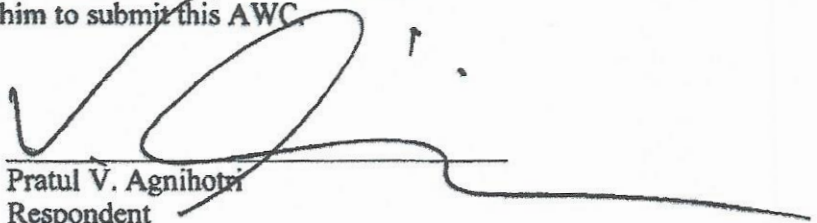
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;

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. Respondent 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. Respondent 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 Respondent's: (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.

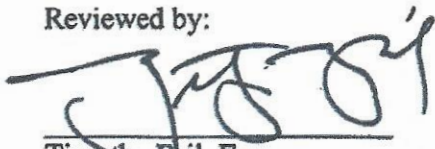
D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and 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 him to submit this AWC.

10-2-2020
Date


Pratul V. Agnihotri
Respondent

Reviewed by:


Timothy Feil, Esq.
Counsel for Respondent
Carmel, Milazzo & Feil LLP
3920 Veterans Memorial Highway
Suite 8
Bohemia, New York 11716

Accepted by FINRA:

10/14/2020
Date

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

Vaishali S. Shetty

Vaishali Shetty
Senior Counsel
FINRA

Department of Enforcement
Two Jericho Plaza, 2nd Floor
Jericho, New York 11753