

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2020065315701**

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

RE: Neemit M. Shah, Respondent
General Securities Representative
CRD No. 4812480

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Neemit M. Shah 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

Shah first became registered with FINRA in July 2004, as a General Securities Representative ("GSR") of a member of FINRA. From January 2009 through November 2016, Shah was registered with FINRA as a GSR and associated with NYLife Securities LLC. From December 2016 through November 2018, Shah was registered with FINRA as a GSR and associated with a FINRA-member firm. From September 2019 through May 2020, Shah was registered with FINRA as a GSR and associated with another FINRA-member firm. On May 19, 2020, that FINRA-member firm filed a Form U5 terminating Shah's association with the firm and registration with FINRA. Although Shah is not currently registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

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

From March through April 2016, Shah engaged in two undisclosed and unapproved private securities transactions in the total amount of \$408,000. Shah's conduct violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3280(e) generally defines a private securities transaction as any securities transaction outside the regular scope of an associated person's employment with a member. FINRA Rule 3280(b) states that "[p]rior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." Rule 3280(c) states that when an associated person has received or may receive selling compensation, the member firm shall provide written approval or disapproval of the associated person's participation in the proposed private securities transaction. A violation of Rule 3280 is also a violation of FINRA Rule 2010, which requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade.

From March through April 2016, Shah solicited investors to purchase securities in Future Income Payments, LLC. FIP represented itself as a structured cash flow investment, claiming to purchase pensions at a discount from pensioners and then selling a portion of those pensions as a "pension stream" to investors. FIP generally promised investors a 7% to 8% rate of return on their investment. During the Relevant Period, Respondent sold \$408,000 in FIP purchase agreements to two investors, both of whom were customers of his employer member firm. Respondent received a total of \$8,160 in commissions in connection with these transactions.

At all times during the stated period, Respondent's employer member firm prohibited its registered representatives from participating in private securities transactions without prior written approval from the firm. Respondent did not provide notice to his firm prior to participating in the transactions involving FIP, nor did he obtain approval from the firm. Respondent's failure is aggravated by the fact that he made one false attestation to his firm that he did not participate in private securities transactions.

In April 2018, FIP ceased business, owing nearly \$300 million in unpaid investor payments. In a March 12, 2019 indictment, the United States charged FIP and its owner, Scott A. Kohn, with conspiracy to engage in mail and wire fraud related to FIP's operations.

By virtue of the foregoing, Respondent violated FINRA Rules 3280 and 2010.

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

- A six-month suspension from association with any FINRA member in any capacity; and
- A \$5,000 fine.

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.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time hereafter, the monetary sanction 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

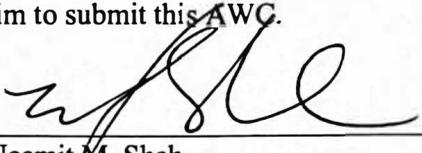
Respondent understands that:

- 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 understands and acknowledges that FINRA does not represent or advise him and Respondent cannot rely on FINRA or FINRA staff members for legal advice. 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.

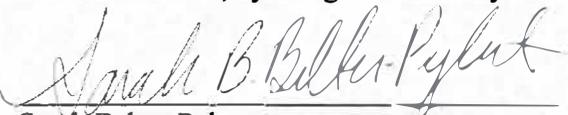
10-6-20
Date



Neemit M. Shah
Respondent

Accepted by FINRA:

October 6, 2020
Date

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


Sarah Belter-Pylant
Senior Counsel
FINRA Department of Enforcement
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New Orleans, LA 70163