

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Lynn Dale Cawthorne  
CRD No. 3211221,

Respondent.

Disciplinary Proceeding  
No. 2018059919702

Hearing Officer—

**COMPLAINT**

Department of Enforcement alleges:

**SUMMARY**

1. Lynn Dale Cawthorne failed to comply with FINRA’s requests for information made pursuant to FINRA Rule 8210 in June, August, September, and November 2019 in connection with an investigation of (a) his failure to disclose multiple felony charges and (b) other potential violations. As a result, Cawthorne violated FINRA Rules 8210 and 2010.

**RESPONDENT AND JURISDICTION**

2. Cawthorne, through his association with Cambridge Investment Research, Inc. (CRD No. 39543) (“Cambridge”), was registered with FINRA as a general securities representative and as an investment company shares and variable contracts representative from April 16, 2013, to September 24, 2018.

3. On September 24, 2018, Cambridge filed a Uniform Termination Notice for Securities Industry Registration, disclosing that it discharged Cawthorne for “Failure to report ongoing criminal investigation and indictment for Federal wire fraud.”

4. Although Cawthorne is no longer registered with FINRA or associated with any FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because this complaint (1) was filed within two years after September 24, 2018, the effective date of the termination of Cawthorne's registrations with FINRA, and (2) charges him with failing to respond to requests for information pursuant to FINRA Rule 8210 during the two-year period after he ceased to be registered with FINRA or associated with a FINRA member.

### **FACTS**

5. On April 26, 2018, Cawthorne was indicted in the United States District Court for the Western District of Louisiana on seven felony counts of wire fraud and one felony count of conspiracy to commit wire fraud in connection with allegedly misappropriating approximately \$536,000 from a government program that provided nutritious meals to children in low-income areas when school is not in session during the summer.

6. In October 2018, after Cambridge discharged Cawthorne for failing to report the indictment, FINRA's Preliminary Investigations Unit began investigating the circumstances of Cawthorne's termination from Cambridge and subsequently referred the investigation to FINRA's Department of Enforcement.

7. For the purpose of that investigation and pursuant to FINRA Rule 8210, on June 17, 2019, Department of Enforcement asked Cawthorne in writing for information about his termination from Cambridge, a superseding indictment against him adding eighteen felony counts of money laundering and conspiracy to launder money, and related outside business activities and private securities transactions.

8. Department of Enforcement served its request by certified mail and first-class mail to Cawthorne's last known residential address as reflected in the Central Registration Depository ("Cawthorne's CRD Address").

9. Department of Enforcement's certified mailing arrived at Cawthorne's CRD Address on June 21, 2019, but Cawthorne did not claim it; after almost three weeks, it was returned to FINRA on July 9, 2019. The first-class mailing was not returned.

10. Cawthorne did not respond to Department of Enforcement's request in any way.

11. When Cawthorne failed to respond, on August 15, 2019, Department of Enforcement sent its request for a second time, again for the purpose of its investigation and pursuant to FINRA Rule 8210.

12. Department of Enforcement served its second request by certified mail to Cawthorne's CRD Address.

13. The United States Postal Service reported that the certified mailing of the second request was lost in transit.

14. Cawthorne did not respond to Department of Enforcement's second request.

15. When Cawthorne failed to respond, on September 27, 2019, Department of Enforcement sent its request for a third time, again for the purpose of its investigation and pursuant to FINRA Rule 8210.

16. Department of Enforcement served its third request by certified mail and first-class mail to Cawthorne's CRD Address.

17. Department of Enforcement's certified mailing arrived at Cawthorne's CRD address on October 5, 2019, but Cawthorne did not claim it; after almost three weeks, it was returned to FINRA on October 23, 2019. The first-class mailing was not returned.

18. Between October 2, 2019, and October 18, 2019, Cawthorne communicated with the FINRA attorney handling the Rule 8210 requests by telephone and email. Cawthorne acknowledged to that FINRA attorney that he received the request and told the FINRA attorney that he was “leaning towards” complying with it.

19. On November 7, 2019, Cawthorne’s attorney contacted Department of Enforcement and informed a FINRA attorney handling the Rule 8210 requests that he was representing Cawthorne in connection with the Rule 8210 requests.

20. That same day, Department of Enforcement sent its request for a fourth time, again for the purpose of its investigation and pursuant to Rule 8210, to Cawthorne’s attorney.

21. Cawthorne did not respond, directly or through his attorney, to Department of Enforcement’s fourth request. Cawthorne also did not comply in any way with the Rule 8210 requests.

22. As a result, on January 2, 2020, Department of Enforcement sent Cawthorne a notice informing him that he would be suspended pursuant to FINRA Rule 9552 on January 27, 2020, if he did not comply with the Rule 8210 requests or ask for a hearing.

23. Cawthorne did not respond in any way.

24. On January 27, 2020, Department of Enforcement sent Cawthorne a notice stating that he was suspended from associating with any FINRA member and warning him that he would be automatically barred on April 6, 2020, if he did not request termination of his suspension on grounds of full compliance.

25. On March 24, 2020, Cawthorne sent an email to Department of Enforcement, requesting that FINRA terminate his suspension but without complying with Department of Enforcement’s Rule 8210 requests or claiming that he had complied with it in any fashion.

26. On March 25, 2020, Department of Enforcement denied Cawthorne's request to terminate his suspension.

27. Cawthorne is currently suspended from associating in any capacity with any FINRA member.

**CAUSE OF ACTION**  
**Failure to Provide Information**  
**(FINRA Rules 8210 and 2010)**

28. Department of Enforcement incorporates by reference the preceding paragraphs.

29. FINRA Rule 8210(a)(1) provides that FINRA staff may "require a . . . person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically . . . with respect to any matter involved in [an] investigation."

30. FINRA Rule 8210(c) provides that "[n]o member or person shall fail to provide information . . . pursuant to this Rule."

31. A violation of FINRA Rule 8210 also constitutes a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade."

32. While subject to FINRA's jurisdiction, Cawthorne failed to comply in any way with Department of Enforcement's Rule 8210 requests for information made pursuant to FINRA Rule 8210.

33. Department of Enforcement's Rule 8210 requests sought information that was material to FINRA's investigation. The requested information was necessary to determine, among other things, whether Cawthorne failed to report his indictment and superseding indictment, and whether his related outside business activities and private securities transactions were properly disclosed to his firm or otherwise violated applicable FINRA rules.

34. By virtue of the foregoing, Cawthorne violated FINRA Rules 8210 and 2010.

**RELIEF REQUESTED**

WHEREFORE, Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Cawthorne committed the violations that are alleged and charged in this complaint;
- B. impose one or more of the sanctions that FINRA Rule 8310(a) provides, including monetary sanctions; and
- C. order Cawthorne to bear such costs of this proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

Date: August 25, 2020

Respectfully submitted,



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