

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020065443201**

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

RE: Rawad Roy Alame (Respondent)
Former General Securities Representative
CRD No. 5376696

Pursuant to FINRA Rule 9216, Respondent Rawad Roy Alame 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 in this AWC.

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

Alame entered the securities industry and became registered with FINRA in 2007. In March 2016, Alame became registered as a General Securities Representative through Merrill, Lynch, Pierce, Fenner & Smith Inc. On June 28, 2019, Merrill Lynch filed a Form U5 stating that Alame had been discharged for conduct involving completing an account-related document, signed by clients, in an effort to service the clients' account and failing to be forthcoming with the Firm's review of the matter.

Alame is not currently registered or associated with a FINRA regulated broker-dealer. Pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Alame. Respondent does not have any relevant disciplinary history.

OVERVIEW

Between February 2019 and July 2019, while associated with Merrill Lynch, Alame participated in private securities transactions involving his management of a customer's securities account held at another firm, without providing notice to Merrill Lynch. Accordingly, Alame violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from Merrill Lynch's disclosure to FINRA of a complaint made by Alame's former customers, a married couple, Customer W.

FINRA Rule 3280(b) requires an associated person to, prior to participating in any private securities transaction, provide written notice to the member with which they are associated. This notice must give a detailed description of the proposed transaction and the person's proposed role therein, and it must state whether they have received or may receive selling compensation in connection with the transaction. In the case of a transaction involving selling compensation (or the potential for selling compensation), the member firm is then required to either approve or disapprove the person's participation in the proposed transaction. If the member firm disapproves, the person shall not participate in the transaction in any manner, directly or indirectly.

FINRA Rule 3280(e) defines a private securities transaction as, "any securities transaction outside the regular course or scope of an associated person's employment with a member, including, though not limited to, new offerings of securities which are not registered with the Commission."

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. Violations of FINRA Rule 3280 are also violations of FINRA Rule 2010.

Alame recommended that his customer, Customer W, open a brokerage account at another FINRA member firm (the "outside account"). Between February 2019 and July 2019, Alame then recommended and executed 36 transactions in options securities in Customer W's outside account, including \$578,246 in options purchases. Customer W paid Alame at least \$2,700 in compensation for his purchase and sale activity in the outside account, which resulted in \$107,195 in realized losses.¹ Alame did not provide written notice to Merrill Lynch, or obtain the firm's approval, prior to participating in these private securities transactions in the outside account. Additionally, in April 2019 Alame falsely certified in response to a Merrill Lynch compliance questionnaire that within the last twelve months he had not been paid by any client for business conducted outside of Merrill Lynch, had not been given access to or knowledge of any client's passwords to log into a brokerage account, and did not participate in any accounts with clients that were not approved by the Firm.

Therefore, Alame violated FINRA Rules 3280 and 2010.

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

- a 6-month suspension from associating with any FINRA member in any capacity;

¹ Merrill Lynch has reimbursed Customer W for these losses.

- a \$5,000 fine; and
- disgorgement of \$2,700 plus interest as described below.

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 after the execution of this AWC, the monetary sanction imposed in this matter.

Disgorgement of payments from Customer W for transactions in the outside account is ordered to be paid to FINRA in the amount of \$2,700 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 February 1, 2019 until the date this AWC is accepted by the National Adjudicatory Council (NAC). Disgorgement 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 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 in this AWC shall be effective on a date set by FINRA.

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 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 its acceptance or rejection.

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 its subject matter 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 testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

December 18, 2020

Date

Rawad Roy Alame

Rawad Roy Alame
Respondent

Reviewed by:

Andrew Whiteman

Andrew Whiteman
Counsel for Respondent
Whiteman Law Firm
5400 Glenwood Avenue, Suite 225
Raleigh, North Carolina, 27612

Accepted by FINRA:

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

December 21, 2020

Date

Meghan Rohan

Meghan Rohan
Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, New York, 10281