

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

Department of Enforcement,

Complainant,

v.

Daniel Minich (CRD No. 6465746),

Respondent.

Disciplinary Proceeding
No. 2020066999801

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Between June 2019 and October 2019 (the “Relevant Period”), while associated with Ameriprise Financial Services, LLC (CRD No. 6363) (“Ameriprise” or the “Firm”), Respondent Daniel Minich (“Minich”) participated in three private securities transactions totaling approximately \$200,000 without providing prior written notice to Ameriprise.

2. First, in June 2019, Minich personally invested \$50,000 in a hedge fund that purported to invest in cryptocurrency, without providing prior written notice to the Firm. In return for his investment, he received a limited partnership interest in the hedge fund.

3. Second, in September and October 2019, Minich facilitated and assisted two Firm customers with investing a combined total of \$150,000 into the same hedge fund in return for

limited partnership interests in the fund. Again, Minich did not provide Ameriprise with prior written notice of these transactions.

4. Minich also falsely certified to the Firm in a January 2020 annual attestation that he had not engaged in any private securities transactions other than those he had received preclearance for from the Firm when, in fact, he had engaged in the three private securities transactions alleged herein without receiving preclearance from the Firm.

5. As a result of the foregoing, Minich violated FINRA Rules 3280 and 2010 by participating in private securities transactions without prior written notice to Ameriprise (**First Cause of Action**), and violated FINRA Rule 2010 by making a false statement on a Firm annual attestation (**Second Cause of Action**).

RESPONDENT AND JURISDICTION

6. Minich entered the securities industry in May 2015.

7. From May 2015 through June 2020, Minich was registered with FINRA as a General Securities Representative (“GSR”) through his association with Ameriprise.

8. According to a Uniform Termination Notice for Securities Industry Registration (“Form U5”) Ameriprise filed on June 9, 2020, Minich voluntarily terminated his association with the Firm on May 28, 2020.

9. On June 18, 2020, Ameriprise filed an amended Form U5 disclosing for the first time that: (1) Minich was permitted to resign; and (2) that he “resigned while under investigation for compliance policy violations related to Private Securities Transactions.”

10. Since resigning from Ameriprise, Minich has not been registered with FINRA or associated with any FINRA member firm.

11. Although Minich is no longer registered or associated with a 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 (1) the Complaint was filed within two years after June 18, 2020, which was the date of an amendment to Respondent’s notice of termination that was filed within two years of his original notice of termination and that disclosed that Respondent may have engaged in conduct actionable under any applicable statute, rule, or regulation, and (2) the Complaint charges him with misconduct committed while he was registered or associated with a FINRA member.

FACTS

12. Minich is from Bradford, Pennsylvania.

13. Minich grew up with two friends, who are brothers (the “Brothers”), in Bradford, Pennsylvania.

14. During Minich’s tenure with Ameriprise, his title was “financial advisor.”

15. Part of Minich’s responsibilities at Ameriprise included executing trades and recommending securities transactions to customers.

16. On March 26, 2019, the Brothers formed a hedge fund that purported to invest in cryptocurrency investments (the “Fund”).

17. The Fund, which was registered as a Delaware limited partnership, operated as a pooled investment vehicle, which purported to use the assets of its general partner and its limited partners to invest in a wide variety of cryptocurrency investments. The Fund’s Private Placement Memorandum stated that “[t]he Fund’s primary investment objective is to achieve capital appreciation with above-average returns using thousands of data points on cryptocurrencies, sentiment, market fundamentals, performing calculations, and calculating

correlations to predict price action.” The memorandum further stated that the Fund would reinvest income and capital gains. The memorandum also contained procedures for limited partners to make withdrawals from the Fund.

18. During the Relevant Period, Ameriprise’s written supervisory procedures (“WSPs”) required a two-step preapproval process for financial advisors to personally invest in any limited offerings or private placements. First, a financial advisor was required to provide prior written notice and obtain approval from his registered principal. Second, after obtaining this approval, a financial advisor was required to provide prior written notice and obtain approval from the Firm’s Personal Trade Compliance department.

19. During the Relevant Period, Ameriprise also maintained WSPs concerning private securities transactions with Firm customers. Specifically, these WSPs stated that financial advisors “are only permitted to recommend or solicit private securities made available through Ameriprise Financial as an approved product (e.g., certain hedge fund offerings, or real estate private placements).” The WSPs further stated that financial advisors may not “identify a private security as a potential investment other than an Ameriprise approved product,” or “[f]acilitate or assist a customer in purchasing a private security not approved by Ameriprise.” The WSPs defined “private securities” as including private placements.

20. The Fund was a private placement that was not an approved offering of Ameriprise.

Minich’s Personal Private Securities Transaction

21. In June 2019, Minich purchased a limited partnership interest in the Fund and funded it with 433.500953 in Litecoin with a value of approximately \$50,000.

22. Minich purchased the limited partnership interest in the Fund because he wanted to purchase an investment that was organized as a private placement with the expectation of earning a profit based on the Fund's cryptocurrency investment strategy.

23. In connection with this investment, Minich executed and submitted a subscription agreement dated June 20, 2019. The subscription agreement was accepted by the general partner of the Fund on June 28, 2019. Minich was admitted as a limited partner of the Fund as of July 1, 2019.

24. The subscription agreement Minich executed and submitted referred to the limited partnership interests in the Fund as securities.

25. Minich's investment in the Fund took place away from the Firm and outside the regular course or scope of his employment with Ameriprise.

26. Prior to making his investment in the Fund in June 2019, Minich did not provide Ameriprise, through its registered principals, its Personal Trading Compliance department, or otherwise, with written notice regarding his participation in the transaction or obtain the Firm's preapproval to participate in the transaction.

Minich's Participation in the Private Securities Transactions of Other Investors

27. Customer A and Customer B were Minich's customers at Ameriprise when they approached him about investing in the Fund in September 2019.

28. In September and October 2019, Minich facilitated Customer A's and Customer B's separate purchases of limited partnership interests in the Fund away from the Firm.

29. Because Customer B wanted to better understand the opportunity to invest in the Fund, Minich set up a September 2019 meeting at the Brothers' office involving Minich, Customer B and the Brothers.

30. Minich also met individually with Customer A and Customer B in his Ameriprise office to assist each of them with completing the subscription agreement documents to invest in the Fund, in order to ensure that the documents were properly completed.

31. Minich also accompanied Customer A and Customer B to their respective banking institutions to assist them with obtaining wire transfers to pay for their investments in the Fund.

32. Customer A executed and submitted a subscription agreement to invest in the Fund dated September 9, 2019. Customer A funded his investment with \$50,000. The subscription agreement was accepted by the general partner of the Fund on September 16, 2019. Customer A was admitted as a limited partner of the Fund as of October 1, 2019.

33. Customer B executed and submitted a subscription agreement to invest in the Fund dated September 24, 2019. Customer B funded her investment with \$100,000. That same day, the subscription agreement was accepted by the general partner of the Fund, and Customer B was admitted as a limited partner of the Fund. Customer B made her investment in the Fund jointly with her husband.

34. The subscription agreements that Customer A and Customer B executed and submitted referred to the limited partnership interests in the Fund as securities.

35. After Customer A and Customer B completed their investments in the Fund, Minich served as their intermediary for communications with the Brothers.

36. Minich's facilitation of Customer A's and Customer B's investments in the Fund took place away from the Firm and outside the regular course or scope of Minich's employment with Ameriprise.

37. Prior to facilitating Customer A's and Customer B's investments in the Fund, Minich did not provide Ameriprise, through its registered principals, its Personal Trading Compliance department, or otherwise, with written notice regarding his participation in these transactions, or obtain the Firm's preapproval to participate in these transactions.

Minich Provided False Information on an Ameriprise Annual Attestation

38. Minich provided false information on an Ameriprise annual attestation form regarding his participation in private securities transactions.

39. On January 28, 2020, Minich replied "Yes" in response to an annual attestation question that asked, "I attest that I have not engaged in any private securities transactions other than those I have received preclearance for through Personal Trade Compliance and my RP [Registered Principal]."

40. Minich's response was false, because Minich had participated in private securities transactions when he personally purchased a limited partnership interest in the Fund in June 2019, and separately when he facilitated Customer A's and Customer B's purchases of limited partnership interests in the Fund in September and October 2019. However, Minich did not receive preclearance from Personal Trade Compliance or his Registered Principal to participate in these private securities transactions.

**FIRST CAUSE OF ACTION
Private Securities Transactions
(FINRA Rules 3280 and 2010)**

41. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

42. FINRA Rule 3280(b) requires associated persons to provide written notice to their broker-dealer employers prior to participating in any private securities transaction. The notice

must describe in detail the proposed transaction and the person's proposed role therein, and whether the person has received or may receive compensation in connection with the transaction.

43. FINRA Rule 3280(e)(1) defines a private securities transaction as "any securities transaction outside the regular course or scope of an associated person's employment with a member," regardless of the registered representative's receipt of compensation.

44. FINRA Rule 2010 requires that members and associated persons observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business.

45. A violation of FINRA 3280 is also a violation of FINRA Rule 2010.

46. The limited partnership interests in the Fund are securities.

47. In June 2019, Minich participated in a private securities transaction by purchasing limited partnership interests in the Fund for approximately \$50,000 away from the Firm and outside of the regular course or scope of his employment with the Firm.

48. Minich failed to provide prior written notice of his purchase of the limited partnership interests in the Fund to Ameriprise.

49. In September and October 2019, Minich participated in private securities transactions by facilitating Customer A's and Customer B's separate purchases of limited partnership interests in the Fund for \$50,000 and \$100,000, respectively, away from the Firm and outside of the regular course or scope of his employment with the Firm.

50. Minich failed to provide prior written notice of his facilitation of these purchases to Ameriprise.

51. As a result of the foregoing, Minich violated FINRA Rules 3280 and 2010.

SECOND CAUSE OF ACTION
False Statements on a Firm Annual Attestation
(FINRA Rule 2010)

52. The Department of Enforcement realleges and incorporates by reference all preceding paragraphs.

53. Providing false information on a firm annual attestation is conduct inconsistent with high standards of commercial honor and just and equitable principles of trade and violates FINRA Rule 2010.

54. On January 28, 2020, Minich represented to Ameriprise on an annual attestation that he had not engaged in any private securities transactions other than those he had received preclearance for through the Firm.

55. Minich's response on that attestation was false, because Minich had participated in private securities transactions when he personally purchased a limited partnership interest in the Fund in June 2019, and separately when he facilitated Customer A's and Customer B's purchases of limited partnership interests in the Fund in September and October 2019. However, Minich did not receive preclearance from the Firm to participate in these private securities transactions.

56. As a result of the foregoing, Minich violated FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department of Enforcement respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Minich committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and

- C. order that Minich bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT



Date: June 6, 2022

Samir Ranade, Director
Kay Lackey, Chief Counsel
FINRA, Department of Enforcement
Brookfield Place
200 Liberty Street, 11th Floor
T: (646) 315-7417
F: (301) 527-4853
samir.ranade@finra.org