

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2018059212201**

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

RE: Bryon Edwin Martinsen (Respondent)
Investment Company and Variable Contracts Products Representative
CRD No. 1621649

Pursuant to FINRA Rule 9216, Respondent Bryon Edwin Martinsen 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 accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Martinsen entered the securities industry in 1987. In October 1999, he became registered with FINRA as an Investment Company and Variable Contracts Products Representative through an association with Centaurus Financial, Inc. (CRD No. 30833). Martinsen subsequently became registered with FINRA as an Investment Company Products/Variable Contracts Principal (in December 1999), as a Direct Participation Programs Representative (in December 2004), and as a Corporate Securities Representative (in January 2005) through his association with Centaurus. Martinsen remains registered with FINRA in those capacities through his association with Centaurus.¹

OVERVIEW

From October 2014 through January 2020, Martinsen participated in private securities transactions (PSTs) by facilitating the sale of approximately \$1,100,000 in alternative investments through 55 transactions with 57 firm customers without providing prior written notice to his firm, in violation of NASD Rule 3040, and FINRA Rules 3280 and 2010.²

¹ For more information about the Respondent, visit BrokerCheck® at www.finra.org/brokercheck.

² FINRA Rule 3280 superseded NASD Rule 3040 on September 21, 2015.

Additionally, from August 2014 through February 2021, Martinsen made at least 150 payments to 38 firm customers, in single or in multiple related payments, totaling approximately \$400,000, to compensate them for losses associated with securities investments that Martinsen had recommended. By making these payments, which were not authorized by Centaurus, Martinsen shared in his customers' losses, in violation of FINRA Rules 2150(c) and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from an investigation of the facts giving rise to a FINRA arbitration claim filed against Centaurus by one of Martinsen's customers.

Participation in Private Securities Transactions

FINRA Rule 3280(b), and its predecessor NASD Rule 3040(b), require that prior to participating in a PST, an associated person shall provide written notice to his or her firm "describing in detail the proposed transaction and the person's proposed role therein[.]" FINRA Rule 3280(e) and NASD Rule 3040(e) define a private securities transaction as any securities transaction outside the regular course or scope of an associated person's employment with a member. A violation of NASD Rule 3040 and FINRA Rule 3280 also constitutes 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 October 2014 through January 2020, while registered through Centaurus, Martinsen participated in 55 PSTs involving 57 Centaurus customers. These transactions totaled approximately \$1,100,000 in sales of alternative investments, primarily real estate investment trusts, all of which were securities. Martinsen participated in these transactions by introducing firm customers who wanted to sell their illiquid alternative investments to firm customers who wanted to buy alternative investments, or by Martinsen buying his customers' alternative investments himself. Martinsen recommended the sales prices for the transactions and assisted the customers with the documents needed to complete the transactions. Martinsen did not receive any commissions or other compensation for his participation in the PSTs.

Martinsen's participation in the securities transactions was outside the regular course and scope of his employment with Centaurus, and Martinsen failed to provide prior written notice to Centaurus of the transactions or of his role in the transactions. Martinsen also falsely denied in three firm annual compliance questionnaires that he had participated in the PSTs.

Therefore, Martinsen violated NASD Rule 3040 (for conduct prior to September 21, 2015), FINRA Rule 3280 (for conduct on or after September 21, 2015), and FINRA Rule 2010.

Sharing In Customers' Losses

FINRA Rule 2150(c)(1)(A) states, in pertinent part, that no associated person shall share directly or indirectly in the “losses in any account of a customer carried by the member or any other member[,]” unless that associated person obtains prior written authorization from his or her member firm. A violation of FINRA Rule 2150 is also a violation of FINRA Rule 2010.

From August 2014 through February 2021, Martinsen made at least 150 payments to 38 Centaurus customers, in single or in multiple related payments, totaling approximately \$400,000, to compensate them for losses in connection with securities investments that Martinsen had previously recommended. Martinsen made the payments to customers by checks from his personal and business bank accounts.

Martinsen did not notify Centaurus about the payments, nor did he receive prior written authorization from the firm for any of the payments. Martinsen also falsely denied in three annual firm compliance questionnaires that he had made payments to customers in connection with their investment losses.

Therefore, Martinsen violated FINRA Rules 2150(c) and 2010.

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

- a 15-month suspension from associating with any FINRA member in all capacities; and
- a \$10,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 after the execution of this AWC, 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 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 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 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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.

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.

August 3, 2022

Date

Bryon Martinsen

Bryon Edwin Martinsen
Respondent

Reviewed by:

John G. Cataldo

John Cataldo
Counsel for Respondent
D'Ambrosio LLP
185 Devonshire St., 10th Floor
Boston, MA 02110

Accepted by FINRA:

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

August 19, 2022

Date

John Sheehan

John Sheehan
Principal Counsel
FINRA
Department of Enforcement
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