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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066685701

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

RE: Christopher Alexander Polinaire (Respondent)
General Securities Principal
CRD No. 4330879

Pursuant to FINRA Rule 9216, Respondent Christopher Alexander Polinaire 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

Polinaire first became registered with FINRA in 2004. Polinaire was registered as a General Securities Representative through his association with Arive Capital Markets between June 2017 and November 2020. Since February 2021, Polinaire has been registered with FINRA through an association with another member firm.[1]

OVERVIEW

Between August 2017 and March 2020, Polinaire excessively and unsuitably traded three customers' accounts in violation of FINRA Rules 2111 and 2010.

FACTS AND VIOLATIVE CONDUCT

This matter originated from FINRA's 2020 cause exam of Arive Capital Markets.

FINRA Rule 2111(a) requires in pertinent part that member firms and their associated persons "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile."

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

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FINRA Rule 2111 Supplementary Material .05 (Rule 2111.05) defines the "quantitative suitability" obligation, which requires a member or associated person who has actual or de facto control over trading in a customer account "to have a reasonable basis for believing that a series of recommended transactions, even if suitable when viewed in isolation, are not excessive and unsuitable for the customer when taken together in light of the customer's investment profile." Rule 2111.05(c) states that "[n]o single test defines when trading is excessive, but factors such as the turnover rate and the cost-to-equity ratio, and the use of in-and-out trading in a customer's account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation." Turnover rate represents the number of times that a portfolio of securities is exchanged for another portfolio of securities. The cost-to-equity ratio measures the amount an account has to appreciate just to cover commissions and other expenses. In other words, it is the break-even point where a customer may begin to see a return. A turnover rate of six or a cost-to-equity ratio above 20 percent generally indicates that an account has been excessively traded.

FINRA Rule 2010 requires that all members, in the conduct of their business, "shall observe high standards of commercial honor and just and equitable principles of trade."

Between August 2017 through March 2020, while he was registered through Arive, Polinaire engaged in excessive and unsuitable trading in the accounts of Customers A, B, and C.

Customer A was a California resident who worked in the jewelry business and was 82 years old when he opened his account at Arive. Between February 2019 and January 2020, Polinaire recommended that Customer A place 58 trades—the majority of which were executed using margin—in his account, and Customer A routinely accepted Polinaire's recommendations. Although Customer A's account had an average month-end equity of approximately $75,334 for 12 months, Polinaire recommended purchases with a total principal value of $2,221,255, which resulted in an annual turnover rate in the account of 29.49. This trading resulted in an annualized cost-to-equity ratio of 65.34 percent—meaning Customer A's investments had to grow by 65.34 percent just to break even. Collectively, the trades that Polinaire recommended caused Customer A to pay approximately $44,243 in commissions and fees and another $4,981 in margin interest for a total of approximately $49,224.

Customer B was a retired farmer from South Dakota. During the relevant period, Polinaire engaged in excessive trading in two accounts held by Customer B at Arive. Customer B was 77 years old when he opened the first account in 2017. Between August 2017 and April 2018, Polinaire recommended that Customer B place 31 trades in this account, and Customer B routinely accepted Polinaire's recommendations. Although Customer B's account had an average month-end equity of approximately $53,919 for nine months, Polinaire recommended purchases with a total principal value of $539,919, which resulted in a turnover rate in the account of 10.01. This trading resulted in a cost-to-equity ratio of 35.65 percent—meaning Customer B's investments had to grow by 35.65 percent just to break even. Between January 2019 and July 2019, Polinaire recommended that Customer B place 53 trades—virtually all of which were executed using margin—in another account Customer B held at Arive, and Customer B routinely

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accepted Polinaire’s recommendations. Although this account had an average month-end equity of approximately $28,242 for seven months, Polinaire recommended purchases with a total principal value of $1,100,581, which resulted in a turnover rate in the account of 38.97. This trading resulted in a cost-to-equity ratio of 74.47 percent in Customer B’s second account—meaning Customer B’s investments had to grow by 74.47 percent just to break even. Collectively, the trades that Polinaire recommended in the two accounts caused Customer B to pay approximately $38,936 in commissions and fees and another $1,320 in margin interest for a total of approximately $40,256.

Customer C was an attorney from Virginia and was 69 years old when he opened his account at Arive. Between April 2019 and March 2020, Polinaire recommended that Customer C place 78 trades in his account, and Customer C routinely accepted Polinaire’s recommendations. Although Customer C’s account had an average month-end equity of approximately $25,249 for 12 months, Polinaire recommended purchases with a total principal value of $1,142,115, which resulted in an annual turnover rate in the account of 45.23. This trading resulted in an annualized cost-to-equity ratio of 152.56 percent—meaning Customer C’s investments had to grow by 152.56 percent just to break even. Collectively, the trades that Polinaire recommended caused Customer C to pay approximately $37,213 in commissions and fees and another $1,307 in margin interest for a total of approximately $38,520.

Customers A, B, and C paid a combined $128,000 in commissions and fees based on the trades Polinaire recommended.

Polinaire’s recommended securities transactions in the accounts of Customers A, B, and C were excessive and unsuitable. Therefore, Polinaire violated FINRA Rules 2111 and 2010.

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

- an eight-month suspension from associating with any FINRA member in all capacities;
- a $7,500 fine; and
- restitution of $128,000 plus interest as described below.

Respondent agrees to pay the monetary sanctions 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.

Restitution is ordered to be paid to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of $128,000, 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 August 2017 until the date this AWC is accepted by the National Adjudicatory Council (NAC).

Respondent shall submit satisfactory proof of payment of restitution and interest (separately specifying the date and amount of each paid to each Eligible Customer) or of

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reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org. The email must identify Respondent and the case number and include a copy of the check, money order, or other method of payment. This proof shall be provided by email to EnforcementNotice@FINRA.org no later than 120 days after the date of the notice of acceptance of the AWC.

The restitution amount plus interest to be paid to each Eligible Customer shall be treated by the Respondent as the Eligible Customer's property for purposes of state escheatment, unclaimed property, abandoned property, and similar laws. If after reasonable and documented efforts undertaken to effect restitution Respondent is unable to pay all Eligible Customers within 120 days after the date of the notice of acceptance of the AWC, Respondent shall submit to FINRA in the manner described above a list of the unpaid Eligible Customers and a description of Respondent's plan, not unacceptable to FINRA, to comply with the applicable escheatment, unclaimed property, abandoned property, or similar laws for each such Eligible Customer.

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 sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanctions in this AWC, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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

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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

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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.

October 6, 2022

Date

Christopher Alexander Polinaire

Christopher Alexander Polinaire
Respondent

Reviewed by:

James A. DeFelice, Esq.

James A. DeFelice, Esq.
Counsel for Respondent
136 E. Main Street
East Islip, NY 11730

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Accepted by FINRA:

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

November 1, 2022

Michael P. Morrissey

Date

Michael P. Morrissey
Principal Counsel
FINRA
Department of Enforcement
581 Main Street, 7th Floor
Woodbridge, NJ 07095

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ATTACHMENT A
TO LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
MATTER NO. 2020066685701

Customer A: [redacted]. ...………………………………………………………………….. $49,224
Customer B: [redacted] ...………………………………………………………………….. $40,256
Customer C: [redacted] ...………………………………………………………………….. $38,520