

the securities industry. FINRA maintains the Central Registration Depository (hereinafter “CRD”) and assigned LPL CRD #6413.

2. LPL has been registered with the Administrator under the provisions of the Securities Act since on or about July 15, 1982.

3. The Administrator has jurisdiction over LPL and the subject matter of this Order.

4. LPL offers brokerage services and investment products to investors in North Carolina. LPL is a “dealer” as that term is defined under North Carolina law.

5. Pursuant to N.C. Gen. Stat. §78A-39(a1)(2)a.: “[t]he Administrator may by order deny, suspend, or revoke any registration in whole or in part or restrict or limit as to any person, office, function, or activity or censure the registrant if he finds [t]hat the applicant or registrant: has failed reasonably to supervise his salesmen if he is a dealer.” LPL is required to reasonably supervise its salesman to prevent, among other things, violations of the Securities Act.

6. LPL’s salesmen are independent contractors. The duty owed by a dealer to reasonably supervise its salesmen is unaffected by the application of an independent contractor business model.

7. On June 11, 2010, Charles Caleb Fackrell (“Fackrell”) formed “Fackrell Trivette Wealth Management LLC” (“FTW”) in Yadkinville, North Carolina and joined LPL as an independent contractor. LPL registered Fackrell with the Administrator as both an agent and an investment adviser representative of LPL. Fackrell was both a “salesman” and an “investment adviser representative” as those terms are defined under North Carolina law.

8. Fackrell had originally entered the securities business and registered with FINRA on or about August 28, 2007, at which time FINRA assigned him CRD #5369665.

9. Upon information and belief, Fackrell was, at all times relevant herein, a resident of either Surry County or Yadkin County, North Carolina.

10. Pursuant to his contract with LPL, Fackrell provided investment advisory services and sold financial products, including securities, to individuals in North Carolina and other states. LPL required that Fackrell disclose “Securities offered through LPL Financial, Member FINRA/SIPC” on all correspondence, business cards, advertising and signs.

11. In furtherance of his business as a salesman and investment adviser representative for LPL, Fackrell operated FTW, a limited liability company organized and existing under and by virtue of the laws of the State of North Carolina. FTW maintained its principal place of business and registered address in Yadkinville, North Carolina.

12. In order to comply with its regulatory and supervisory obligations, LPL drafted and implemented Written Supervisory Procedures (“WSP”). LPL’s WSP require that each Office of Supervisory Jurisdiction (“OSJ”) branch office have a manager (“OSJ Branch Manager”) that is a registered principal (i.e., Series 24 or 26 registered).² Because Fackrell did not have a Series 24 license when he associated with LPL, he was given 90 days to successfully complete his Series 24 exam. During this time, he acted as the OSJ Branch Manager of FTW. LPL’s policy was that if its advisor was unsuccessful in passing the required registered principal examination, the advisor was then placed under Home Office Supervision for 30 days. In that 30 days, the advisor was to either find a local OSJ to supervise him, pass the relevant exam (Series 24 or 26), or face termination.

13. Fackrell failed his Series 24 exam multiple times in 2010; he was under Home Office Supervision from around June 11, 2010, to around November 5, 2010. During his registration with LPL, Fackrell made additional attempts to pass the Series 24 exam in order for

² FINRA administers the General Securities Principal Exam, or Series 24, as well as the Series 26 examination.

his branch office to be established as an OSJ branch office of LPL. He never passed the Series 24 exam.

14. Beginning on or about November 5, 2010, Fackrell was under the supervision of an OSJ Branch Manager. Then, from on or about July 13, 2011, Fackrell was under the supervision of a different OSJ Branch Manager until that OSJ Branch Manager retired on or about September 30, 2014. LPL provided information to the Securities Division demonstrating that the second OSJ Branch Manager supervised Fackrell until October 3, 2014 (his CRD shows LPL filed a U5 on October 10, 2014, terminating (voluntarily) him as of September 30, 2014).³ After the second OSJ Branch Manager retired, Fackrell was under Home Office Supervision until his arrest in December 2014.

15. According to the United States Attorney for the Western District of North Carolina, around May 2012, Fackrell began operating a Ponzi scheme in which he encouraged individuals, including his customers, to invest money in fictitious entities, such as “Robinhood Corp.”⁴ Some individuals received a promissory note. Fackrell generally diverted the funds for personal expenses, although some funds were paid to Robinhood investors to perpetuate the appearance of returns.

16. Fackrell was arrested in December 2014. After LPL was alerted to Fackrell’s criminal and unapproved activities, it immediately investigated and terminated him.

17. On March 17, 2016, Fackrell reached a plea agreement with the United States Attorney for the Western District of North Carolina.

³ Form U5 is the Uniform Termination Notice that a dealer uses to terminate a registered representative’s registration.

⁴ As noted by the United States Attorney for the Western District of North Carolina, Fackrell used various names for his investment schemes, including Robin Hood, LLC; Robinhood, LLC; Robin Hood Holdings, LLC; and Robinhood Holdings, LLC. These, and other related entities, will be referred to collectively in this Order as “Robinhood.” As noted herein, there is another company (not involved with the Ponzi scheme) named “Robin Hood Online Financial Planning, LLC,” spelled with a space between “Robin” and “Hood”.

18. On December 6, 2016, Fackrell was sentenced to 63 months imprisonment for his involvement in the Robinhood scheme.⁵

19. LPL maintains that neither Fackrell nor his customers disclosed these outside investments to LPL, and that none of the investments were offered or sold by or through any auspices or indicia of relationship to LPL.

20. Typically, customers caused funds to be transferred to bank accounts controlled by Fackrell.

21. LPL cautioned its customers to never give money directly to their LPL representative.

22. While Fackrell was registered with LPL, Fackrell repeatedly lied to LPL and made misrepresentations both verbally and in writing to LPL. Fackrell also lied and made misrepresentations to his LPL customers.

23. While Fackrell was registered with LPL, he violated several of LPL's policies, including those in its WSP.

24. While Fackrell was registered with LPL, LPL did not consistently follow certain of its policies when supervising Fackrell.

25. Certain of Fackrell's trading practices at LPL also caused financial losses to some of his customers.

26. If LPL had conducted a more reasonable review of certain Fackrell customer accounts as a whole, rather than reviewing each account individually, and if LPL had been more attentive to red flags caused by solicited purchases of low-priced securities and other speculative trades, some of Fackrell's violations could have been detected at an earlier date, and losses in LPL customer accounts might have been limited or prevented.

⁵ United States of America v. Charles Caleb Fackrell, Docket No. 5:16 cr 18 (W.D.N.C.).

27. LPL did not prevent Fackrell from repeatedly entering solicited purchases in low-priced securities. LPL had no knowledge of the Ponzi scheme until after Fackrell was arrested in December 2014.

28. LPL's failures to reasonably supervise Fackrell are more particularly described as follows:

I. SUPERVISORY OVERSIGHT POLICIES

A. Review of Fackrell's Computers

29. LPL requires that OSJ Branch Managers annually audit the non-OSJ offices that report to them. LPL's WSP state "Reports of these audits remain on file and are reviewed by the LPL Financial Audit group during the audit of the OSJ." The WSP further require that "[e]ach office of supervisory jurisdiction and any branch office that supervises one or more non-branch locations shall be examined annually."

30. LPL's "Directions for completing the Non-OSJ Inspection Worksheet"⁶ dated July 2011 ("Directions"), instruct LPL's OSJ Branch Managers to "Complete a Security Standards Testing Worksheet for each computer (including laptops) used by advisors and staff affiliated with the Non-OSJ location." The Directions further instruct the inspector to physically review the computers as follows:

Review all email accounts identified during the inspection by having the advisor log in to all email accounts. Review the content in the inbox, sent, deleted & folders to confirm that business related email is not being sent or received through an unapproved email account. Check for Instant Messaging programs on the tool bar on the bottom right side of the screen or go to start>run>appwiz.cpl or review desktop and program menus . . . Review websites visited for potential unapproved outside business activities or other prohibited activities by reviewing Favorites and Browser History . . . Click on My Computer from desktop . . . and review random documents. Review recent documents . . . Further search and review the computer by following these instructions . . . search hidden files & folders and

⁶ LPL describes the Directions as "guidance" for its OSJ Branch Managers.

search subfolders. Search word or phrase within a file based on documents already found or on keywords (a few examples include: guarantee, performance, appreciation, presentation, proposal, promissory, club, gift reimbursement, support, etc.).

31. Beginning in 2014, LPL provided branch examiners with an “Examiner Resource Manual” (“ERM”).⁷ Under the heading “Computer Review and Desk/Cabinet Checks”, the July 2014 ERM states:

LPL Financial has a responsibility to ensure branch compliance with firm and regulatory rules concerning electronic correspondence, advertising, and items generated for the public. LPL Financial must also make every effort to ensure it is supervising all outside business activities in which an advisor is engaging. Computer reviews can help to identify issues and raise red flags in these areas.

Items to [r]eview: All computers . . . Folders, Shared Drives, External Hardware, Word, Excel, Power Point and Random Documents, Internet Favorites/Browser History, My Computer, My Documents, Recycle Bin...

32. Under the heading “Email Systems Review”, the July 2014 ERM provides:

Search email content for key words . . . Examples of words/phrases to search: Lend, Loan, Borrow, Transfer, Owe, Past Due, Late, Promise, Make Payable To, Complaint, Reviews, Returns, Guarantee, Statement, Promissory, Illustration. During your review look for customer complaints, promissory phrases . . .

33. Under the heading “My Documents Review”, the July 2014 ERM provides:

During this review we should be looking for evidence of unapproved advertising/marketing material, client correspondence, letters of authorization, spreadsheets, account summaries, undisclosed outside activities and income . . . and for documents that may appear to be used in violation of LPL Financial Policies and Procedures. . .

Randomly begin picking items for review. Popular programs that should be checked are Word (correspondence, flyers, invitations), Excel (statements, projections, analysis, password lists etc.), and PowerPoint (seminars, presentations, workshops etc.).

⁷ The ERM was in effect at the time of the last branch audit.

34. Finally, under the heading “Items for Review/Escalation”, the July 2014 ERM provides: “Unapproved Outside Business Activities, Undisclosed Outside Income”

35. During Fackrell’s tenure at LPL, there were four documented computer inspections and one additional computer inspection, for which LPL has not produced confirming records.

36. The first computer inspection was performed in February 2011. LPL’s records reflect that the inspection of the computer was performed in accordance with the policies and procedures in effect at that time.

37. The second computer inspection was performed in 2012 pursuant to an office audit. However, LPL did not maintain records confirming an inspection of Fackrell’s computers.

38. The third computer inspection was performed on January 28, 2013. Fackrell’s OSJ Branch Manager inspected Fackrell’s computers for security issues (e.g., encryption, passwords, etc.). LPL did not perform any additional inspection of the computer and the inspection was performed after the OSJ Branch Manager gave Fackrell notice of the inspection.

39. The fourth and fifth computer inspections occurred on August 1, 2013 and July 1, 2014. Fackrell was not in the office on the dates of either audit, and therefore, neither audit included a review or examination of Fackrell’s computers, including an examination of random documents on Fackrell’s computers. The July 1, 2014 audit was unannounced, but Fackrell was absent that day.

40. In a letter dated July 10, 2014, LPL’s examiner identified three deficiencies from his July 2014 inspection of Fackrell’s office, including that Fackrell’s desktop and laptop computers “were unavailable for review during the branch exam.” Remedial action included a request that Fackrell address this issue.

41. Fackrell responded by submitting a “Security Standards Testing Worksheet.” He wrote, “Computer worksheet complete and followed instructions to ensure all questions were answered correctly.” As a result, Fackrell’s computers were tested for Security Standards in July 2014, and this testing was administered on an honor system.

42. The July 2014 letter also states that none of these deficiencies, including the inability to review Fackrell’s desktop and laptop, were repeat deficiencies. Yet in the 2013 Non-OSJ Inspection Worksheet, Fackrell’s OSJ Branch Manager wrote he was unable to complete the computer review at the time of inspection. It appears that LPL examiners were not provided prior deficiencies to determine if these past deficiencies had been corrected.

43. An examination and review of Fackrell’s computers in accordance with LPL’s policies by Fackrell’s OSJ Branch Manager, another supervisory principal or an LPL Examiner, might have uncovered examples of undisclosed business activities, or other violations.

44. On at least two occasions, LPL did not conduct on-site examinations of Fackrell’s computers in compliance with its own written policies and procedures.

45. Such Computer Reviews can help detect and prevent unapproved and prohibited conduct, including undisclosed outside business activities. By failing to conduct on-site examinations of Fackrell’s computers during every audit, LPL was unable to identify any materials or documents on the computers.

B. LPL’s On-Site Inspection Policy

46. Fackrell’s first and second OSJ Branch Manager signed “Branch Manager Supervisory and Training Obligations for a Financial Advisor” forms representing that they would use “the NON-OSJ Branch Office Checklist to conduct an inspection of [Fackrell’s branch] within 2 weeks of opening and at least every 6 months thereafter.” LPL’s WSP requires

that OSJ Branch Managers perform an initial on-site examination of their non-OSJ office within a certain amount of time and annually thereafter.

47. Neither of Fackrell's OSJ Branch Managers performed the required on-site inspections of Fackrell's office within LPL's mandated timeframe. Fackrell's second OSJ Branch Manager did not complete Fackrell's second on-site inspection for nine months after becoming Fackrell's OSJ. He did so after LPL issued a warning that he could be fined \$100.00 per past due inspection if he did not complete the audit within ten business days.⁸

48. Fackrell's second OSJ Branch Manager did not conduct Fackrell's third on-site inspection until August 1, 2013, and again only after LPL warned him that the on-site inspection was overdue and he could be fined \$100.00 if no inspection were performed within ten business days.⁹

49. LPL's Directions include a section that states, "Review that the client files contain no evidence of unapproved business activities or selling away concerns."

50. LPL's ERM dated July 2014 includes a section titled "Desk Review." The ERM instructs:

In addition to the computer review, a desk and cabinet review should be conducted. All desks, drawers and filing cabinets within the advisors' offices are subject to review. The examiner should review all desks in the office to determine if unapproved materials of any sort are maintained in the office. Examples of findings may include but are not limited to . . . evidence of participation in unapproved outside business activity(s) or evidence [of] selling away.

⁸ Although LPL policies require the completion of a Non-OSJ Branch Office Checklist/Worksheet for each inspection, LPL has not produced the Non-OSJ Branch Office Checklist/Worksheet for the April 2012 review. Fackrell's second OSJ Branch Manager submitted materials to LPL on or around April 7, 2012, including a document entitled "Audit Letter Response for OSJ OTH1." In this document he wrote, "Point 4. Audit of the Yadkinville non-OSJ office has been completed and filed."

⁹ The Non-OSJ Inspection Worksheet indicates that the August 1, 2013, inspection by Fackrell's second OSJ Branch Manager was the "First Inspection" of Fackrell's new office on Tennessee Street (Fackrell had recently moved offices) and notes: "Unable To Complete Computer Check at This Time."

51. During the July 1, 2014 audit, LPL's examiner did not examine Fackrell's personal office, including his desk, drawers, filing cabinets, etc. during this inspection. However, the branch examination worksheet reflects that the examiner reviewed a sampling of client files.

52. After LPL was alerted to Fackrell's unapproved activities in December 2014, LPL immediately conducted an on-site examination of Fackrell's entire office. Documents found during this examination included a Robinhood installment note and what appears to be correspondence about Robinhood payments in 2013. According to the examiner, these documents were found in Fackrell's personal office on or around December 4 or December 5, 2014.

53. In July 2014, if the auditor had "review[ed] all cabinets and desk drawers [in Fackrell's personal office] to confirm that no contents are kept that violate LPL policies," the auditor might have discovered materials related to Robinhood.

C. Monitoring of Fackrell's Financial Situation

54. LPL has policies in place to monitor and review an advisor's credit score and bank account statements in a 'doing business as' (DBA) name. These policies are to promote compliance with LPL's reasonable supervisory obligations.

55. LPL's WSP require that the "following factors are considered when reviewing credit: credit score . . . debt v. income, revolving credit, delinquencies" LPL's WSP provide a threshold credit score, below which "there is an inherent concern" LPL's WSP provide that "All exceptions to credit policy must be escalated to Governance, Risk & Compliance management for review."

56. LPL personnel reviewed Fackrell's credit report multiple times, and the score was frequently at a level that LPL considered risky. All of these exceptions were escalated, but,

based on Fackrell's responses or lack of additional criteria in the Credit Policies and Procedures requiring further escalation, the matters were closed.

57. There is no indication that there was any additional investigation into Fackrell's financial condition other than corresponding with Fackrell himself, and relying on his explanations.

58. LPL's WSP note that it "reviews the financial accounts of advisors who use a fictitious business name or a 'doing business as' (DBA) name. We perform these reviews as a part of our supervisory responsibilities" However, the WSP provides that it is LPL's procedure that:

The Financial Statement Review process will be conducted primarily on a risk based approach. Advisors will be contacted and asked to submit their financial documents and statements pertaining to any DBA's they use for their office. The Analyst will complete the Review Worksheet and document contact notes in the comments column of their assigned list on the review spreadsheet. If the Analyst detects any patterns of suspicious check writing and/or deposits, questionable sales practices . . . the issue will be escalated . . . If suspicious money movement is detected, the analysts should report those to the FIU department.

59. LPL's records show that in September 2013, it performed such a review for financial documents and statements pertaining to any DBAs Fackrell used for his office. This was the only time such a review was conducted during the course of Fackrell's registration.

60. In the September 2013 financial review, LPL requested information, including all bank accounts used in Fackrell's business, bank statements, and checks drawn from these accounts. In response to this request, Fackrell submitted a "Financial Statement Review Attest," stating FTW had a checking account, but the "account opened Aug 2013—prior acct was personal not DBA." He provided one statement from the FTW checking account and a copy of one check drawn on the FTW checking account.

61. Despite this response, LPL did not engage in any further investigation and did not request more information such as six months of statements from whatever account Fackrell was using “in conducting [his] business.”

D. LPL’s Email Review

62. Fackrell’s OSJ Branch Manager did not reasonably review certain emails to and from Fackrell’s LPL account. If Fackrell’s OSJ Branch Manager had reasonably reviewed certain emails that were pre-selected for his review in the “OSJ Review Tool Email Task”, Fackrell’s OSJ Branch Manager would have discovered the solicitation of Fackrell to participate in an entity, “Robin Hood Online Financial Planning Development, LLC”¹⁰, a potential outside business activity that warranted further investigation.

63. LPL’s WSP provide that “Designated Principals, Analysts and OSJ Branch Managers are responsible for reviewing email communications on a daily basis . . . **LPL Financial is required to review, on a sample basis, business-related emails of all licensed and/or registered personnel . . .**” (Emphasis in original.) The sample emails that the OSJ Manager is required to review are electronically pre-selected by LPL and provided to the OSJ Manager for review in the “OSJ Review Tool Email Task.”

64. LPL’s “EMAIL TRIGGERS: OSJ REVIEW TOOL” “(Rev 4/13)” explains, “A risk-based approach is the foundation for the following email triggers or ‘policies’.” The following is included in the foundation for the triggers that pre-select emails for OSJ manager review: “Outside Business Activity/Directorships/Employment—This policy identifies communications that suggests an employee is engaged in external business activities unrelated to the company”

¹⁰ Robin Hood Online Financial Planning Development, LLC was not involved with the Robinhood Ponzi scheme. It filed Articles of Organization with the North Carolina Secretary of State on January 26, 2012, and was administratively dissolved on January 14, 2016.

65. On April 28, 2012, Fackrell received on his lpl.com email account an email with an extensive business plan for Robin Hood Online Financial Planning Development, LLC attached. Fackrell received two additional emails from the same sender on April 28, 2012; one email had another similar business plan attached. The language of the emails and attachments show a potential outside business activity and/or a selling away opportunity. The April 2012 emails were pre-selected for Fackrell's OSJ Branch Manager's Review in the "OSJ Review Tool Email Task". According to documents received from LPL, Fackrell's OSJ Branch Manager "bulk reviewed" and "closed" both 2012 emails with business plans attached to them. LPL's production reveals, "[r]eal-time intervention was not applied to this event". An investigation into these emails might have uncovered another undisclosed outside business activity or selling away opportunity (although Fackrell never actually invested in Robin Hood Online Financial Planning, LLC).

66. Fackrell sent and received emails on his lpl.com email account regarding investments in Robinhood, missed Robinhood payments, and his financial struggles.

67. As more particularly described above, LPL failed to adequately follow all of its own supervisory policies and procedures when supervising Fackrell.

II. LPL'S SUPERVISORY PROCEDURES REGARDING THE SOLICITATION OF LOW-PRICED SECURITIES

68. LPL's WSP define low-priced securities as any security trading at \$2 or less.

69. LPL's WSP prohibit the solicitation of the purchase of low-priced securities.

70. The WSP indicate that OSJ Branch Managers are responsible for reviewing and approving all adviser transactions. According to LPL's WSP, the Governance, Risk and Compliance Department reviews transactions in low-priced securities that are "marked as solicited on a daily basis to determine whether any such securities have in fact been solicited."

LPL's WSP require that "the advisor must have a letter of non-solicitation signed by the client for each unsolicited trade that is placed. The letter of non-solicitation must be maintained in the branch office files."

71. The purpose of one of LPL's Review Tools "is to allow for the review of possible trends in transactions involving low-priced securities." According to LPL's WSP, "when an advisor places multiple buy trades in a single low-priced security . . . or an advisor places multiple buy trades in multiple low-priced securities . . . across multiple accounts" it triggers a review. LPL's WSP continues, "if a number of different, seemingly unrelated clients using the same advisor are purchasing the same low priced security on an unsolicited basis, the question is raised as to whether the trades are in fact unsolicited."

72. Beginning as early as December 2010, Fackrell's trade blotter shows multiple purchase transactions in low-priced securities that are marked "solicited," and for which there was no non-solicitation letter. Despite this violation of LPL's written policy, the trade blotter reflects that Fackrell's OSJ Branch Manager approved these trades and LPL allowed these trades to settle.

73. Fackrell solicited low-priced securities. As stated above, there were multiple low-priced securities purchased across multiple customer accounts.

74. In the February 2011 audit, LPL noted that Fackrell did not have non-solicitation letters for low-priced securities in two different client files.

75. LPL identified several purchases of low-priced securities that were marked solicited, and sent inquiries to Fackrell and/or his OSJ Branch Manager. LPL required that Fackrell obtain signed letters of non-solicitation to confirm that these trades were unsolicited. LPL identified these purchases, but failed to prevent similar future purchases. The number of

accounts trading in the same, or similar, low-priced securities, should have prompted LPL to conduct a comprehensive review of Fackrell's client account transactions.

76. After LPL noted several instances of Fackrell not having non-solicitation letters on file for certain unsolicited purchases of low-priced securities, LPL finally disciplined Fackrell on August 6, 2014, and issued a Letter of Caution and a \$250 fine to Fackrell citing "Solicitation of low-price securities – Saba Software Inc New." This is LPL's only formal discipline regarding low-priced securities.

77. While LPL had supervisory procedures and surveillance systems in place regarding the solicitation of low-priced securities, and took steps to confirm whether some purchases were unsolicited, LPL did not confirm that all of the trades, in fact, were unsolicited, and did not conduct a comprehensive review or effectively identify potential trends in Fackrell's transactions involving low-priced securities.

78. LPL notified Fackrell on at least two occasions that low-priced securities were typically not appropriate for SAM accounts.¹¹ As early as June 8, 2011, LPL notified Fackrell that:

In accordance with your fiduciary responsibility and this policy, low priced securities are not typically appropriate for SAM. In certain circumstances where a client directs the purchase of a low priced security . . . the position would make up a relatively small percentage of the account . . .

79. On August 6, 2014, a representative from LPL emailed Fackrell and copied his OSJ Branch Manager:

[P]er our call today . . . 'CAK'¹² . . . as one example are [sic] not appropriate for SAM Advisory and overall even in brokerage for LPL. Please advise your clients

¹¹ SAM accounts are "advisory accounts."

¹² CAMAC Energy, Inc. or CAK changed its name to "Erin Energy Corporation" in 2015, but will be referred to as Camac or CAK in this Order.

that they need to move this to an online platform or we will move to terminate the SAM Advisory accounts if this continue [sic] with possible further disciplinary action . . . Other securities and example to name a few are 'PHOT' Growlife, "GWPRF" GW Pharmaceuticals with other client account in brokerage and advisory combination. [sic]

80. Despite these notifications, LPL did not prevent Fackrell from purchasing low-priced securities in SAM Advisory accounts. A review of Fackrell's branch trade blotter from January 1, 2012, through mid-2014 reveals numerous purchases of CAK in SAM accounts.

81. As of the date Fackrell was terminated in December 2014, Fackrell had a number of customers holding low-priced securities in SAM accounts.

82. A review of the notifications sent to Fackrell, combined with a review of his trade blotter, indicate that Fackrell may have engaged in potentially excessive trading in at least one instance. Fackrell made 57 trades resulting in commission costs of \$6,920.13 in a one year period in one customer account.¹³

83. There is no indication that LPL modified its supervision of Fackrell until his termination. Nor is there indication that LPL conducted a comprehensive over-arching review of Fackrell's trading patterns.

84. As more particularly described above, LPL did not adequately follow all of its own supervisory policies and procedures regarding Fackrell's trading violations.

BASED UPON THE FOREGOING Findings of Fact, and with the consent and stipulation of LPL, the Administrator makes the following:

¹³ LPL notified the customer by letter of this activity; LPL has represented the client did not respond.

CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over LPL and the subject matter of this Order.
2. This Order is entered by the Administrator under the authority granted by the Securities Act and the administrative rules adopted thereunder.
3. LPL has agreed to the entry of this Order.
4. N.C. Gen. Stat. §78A-39(a1)(2)a. grants the Administrator the authority to deny, suspend, or revoke any registration in whole or in part if she finds that the registrant failed “reasonably to supervise his salesmen if he is a dealer.”
5. LPL is a “registrant” and “dealer” under North Carolina law, and Fackrell was LPL’s “salesman” as defined under North Carolina law. LPL was required reasonably to supervise Fackrell.
6. LPL violated N.C. Gen. Stat. §78A-39(a1)(2)a. and 18 N.C. Admin. Code 06A .1414(a).
7. The entry of this Order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Securities Act.
8. It is in the public interest of the citizens of North Carolina, for the protection of investors and consistent with the purposes of the Securities Act that LPL be prohibited from violating the Securities Act and other statutes and rules regarding securities; that LPL pay a civil penalty; and that LPL reimburse investigative costs incurred in this matter.

JURISDICTION, CONSENT AND WAIVER

Respondent, as evidenced by the authorized signature on the Consent to Entry of Order, below, affirmatively states and agrees that:

1. It has agreed to resolve this matter through this Order to avoid further administrative proceedings.

2. It admits the jurisdiction of the Administrator and voluntarily consents to the entry of this Order.

3. It elects to expressly and permanently waive any and all rights under the Securities Act, the North Carolina Administrative Procedure Act (N.C. Gen. Stat. Chapter 150B), or any other law, to a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator or other entity to which it may be entitled related to the subject of this Order, including any court of competent jurisdiction. Respondent also expressly and permanently waives its rights to seek judicial review of this Order under N.C. Gen. Stat. Chapter 150B, to appeal this Order, or to otherwise challenge either the validity or entry of this Order in any court or administrative agency.

4. It has read the contents of this Order and has had the opportunity to consult with an attorney prior to the signing of this Order.

5. It freely signs this Order, and states and agrees that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Order. This Order contains the entire agreement between the undersigned, and Respondent understands its effect.

6. The presentation of this Order to the Administrator and any subsequent discussion of the Order prior to its entry without Respondent or its counsel being present shall not constitute

an improper ex parte communication between the Administrator and the Securities Division or counsel for the Securities Division. The Order shall become final upon entry.

7. The execution, delivery and performance of this Order has been duly authorized and signed by a person who meets the statutory or other binding approval to sign on behalf of the Respondent as named in this Order.

8. The Order is submitted on the condition that the Securities Division will not bring any further action against LPL that relates to the activities of Charles Caleb Fackrell as described in this Order.

9. It accepts without admitting or denying the findings of fact and conclusions of law contained in the Order. LPL intends that the Order will not and may not be used as evidence to prove any of the allegations contained herein against LPL.

10. The State recognizes LPL's cooperation in this matter.

NOW, THEREFORE, the Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, based upon the forgoing Findings of Fact; Conclusions of Law; and Jurisdiction, Consent and Waiver, and with LPL's express written consent to the entry of this Order, does hereby enter the following:

ORDER

1. LPL shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-39(a1)(2)a.

2. LPL shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-39(a)(2)b. and g. and 18 N.C. Admin. Code 06A .1414(a) and (b)(14).

3. LPL shall immediately and permanently cease and desist from violating any other provisions of the North Carolina Securities Act, the North Carolina Investment Advisers Act and any administrative rules promulgated under either Act.

4. LPL shall pay a civil penalty in the amount of \$25,000.00 to the Securities Division within thirty (30) days of the date of entry of this Order.

5. LPL shall pay the Securities Division the sum of \$270,000.00 to reimburse it for investigative costs associated with this matter. Such payment shall be due within thirty (30) days of the date of entry of this Order.

6. LPL agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any payment made pursuant to this Order.

7. LPL shall not take any action, or make, or permit to be made, any public statement, denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

8. Nothing in this Order affects LPL's (i) testimonial obligations or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Administrator or Securities Division is not a party.

9. If LPL defaults in any of its obligations set forth in this Order, the Administrator may vacate this Order, at her sole discretion, without opportunity for administrative hearing, and then commence a separate action against LPL for violation of this Order.

10. This Order shall become final upon entry and shall be binding upon LPL and its successors and assigns as well as its affiliates and their successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the

Secretary of State, this the 24TH day of SEPTEMBER, 2017.

Time of entry: 3:35, P.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA
and SECURITIES ADMINISTRATOR, by



KEVIN M. HARRINGTON
DEPUTY SECURITIES ADMINISTRATOR