



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
WESTPARK CAPITAL, INC., CRD No. 39914;)
and JOHN REILLY, CRD No. 870804,) Case No. AP-17-02
)
Respondents.)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Chief Counsel Tyler B. McCormick, has alleged that WestPark Capital, Inc. and John Reilly (“Respondents”), filed an incomplete application for registration and failed to promptly file correcting amendments to applications when the information in the applications became inaccurate or incomplete in a material respect in violation of Sections 409.4-412(d)(1) and 409.4-406(b), RSMo (Cum. Supp. 2013),¹ and that this constitutes grounds to issue an order pursuant to Sections 409.4-412 and 409.6-604.
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents’ alleged violations of Sections 409.4-412(d)(1) and 409.4-406(b).

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“Commissioner”) has jurisdiction over the Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

¹ Unless otherwise noted, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ right to a hearing with respect to this matter.
6. Respondents waive any right that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in connection with litigation, arbitration, or other legal proceeding in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consent to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.
12. This Order is not intended to subject Respondents to disqualification under the laws of the United States or any state or territory, or under the rules or regulations of any securities regulator or self-regulatory organization, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

13. WestPark Capital, Inc. ("WestPark"), Central Registration Depository ("CRD") number of 39914, is a Missouri registered broker-dealer, with a main address of 1900 Avenue of the Stars, Suite 310, Los Angeles, California 90067.
14. John Reilly ("Reilly"), CRD number 870804, was registered in Missouri as a broker-dealer agent with WestPark from July 19, 2012 to July 15, 2015. On July 15, 2015, Reilly withdrew Reilly's registration from Missouri at the request of the Enforcement Section for failing to report multiple liens and judgements on Reilly's Uniform Application for Securities Industry Registration or Transfer Form ("Form U4") and not filing correcting amendments to Reilly's Form U4 no later than 30 days following the liens and judgements.
15. In mid-2012, WestPark received positive referrals and recommendations from trusted colleagues concerning possible association with Reilly in a non-retail, investment banking position, and Reilly was interviewed in person by, among others, the firm's Chief Executive Officer ("CEO").
16. On July 9, 2012, the Managing Director for Investment Banking at WestPark ("Managing Director") sent an e-mail to several people including the Chief Compliance Officer at WestPark ("CCO"), stating: "As you may be aware we are in discussions with [Reilly] to be retained as a banker. We are very close ([CEO] is reviewing a short term sheet outlining the deal)...can you please send to [Reilly] the CRD authorization, Justifacts authorization as well as anything else [Reilly] may need to sign to get the process moving."
17. On July 9, 2012, CCO sent an e-mail to Managing Director, stating: "I vote 'NO' due to the numerous outstanding credit issues"
18. On July 9, 2012, Reilly granted WestPark full authorization to "review [Reilly's] CRD RECORDS with FINRA and to conduct a credit and background check."
19. On July 9, 2012, Reilly authorized Justifacts Credential Verification, Inc. to ascertain information regarding Reilly's credit and background on WestPark's behalf.
20. On July 13, 2012, Managing Director scheduled a hiring call with Reilly.
21. On or about July 17, 2012, Reilly submitted an application for employment at WestPark.
22. On or about July 17, 2012, Reilly also completed the Registered Representative Regulatory Compliance Questionnaire thereby certifying that Reilly's "responses given

to each [question] are true and correct to the best of [Reilly's] knowledge." Reilly marked "true" to the following questions:

- a. "I have reported any changes to my Form U4, such as outside business activities, personal information, financial condition, and legal or regulatory proceedings to Compliance;"
- b. "I have read and understand any and all Manuals given to [Reilly] by WestPark and agreed to abide by the requirements stated therein;"
- c. "I have not ever been the subject of any order or proceeding by the SEC, [FINRA], any state, any court, prior broker/dealer...which was not reported to Compliance;"
- d. "I have no unsatisfied liens against me which have not been reported to Compliance;" and
- e. "I have disclosed any and all outside employment activities where I receive compensation or where a potential conflict of interest may occur."

23. On July 19, 2012, a Form U4 was filed for Reilly to be relicensed in Missouri with WestPark. The amendment contained the following disclosures relating to judgments/liens:

Date Reported	Event Date	Type	Amount
03/07/2012	11/17/2011	Civil	\$6,230
03/07/2012	02/25/2011	Tax	\$50,131
03/19/2012	04/18/2010	Civil	\$12,325
03/07/2012	10/16/2009	Tax	\$2,182
03/19/2012	04/23/2009	Civil	\$68,506
02/18/2011	04/08/2008	Tax	\$24,610.11
02/18/2011	12/11/2007	Tax	\$26,811.58
03/07/2012	10/31/2007	Civil	\$19,523
03/19/2012	04/03/2007	Civil	\$175,265
03/07/2012	03/04/2005	Civil	\$65,276.96
03/07/2012	10/06/2004	Civil	\$2,712
03/18/2012	02/09/1994	Civil	\$4,503
03/19/2012	10/29/1993	Civil	\$11,300

24. On July 23, 2012, Reilly entered into a Registered Representative Agreement with WestPark to, among other things, "solicit for the purchase of and/or participation in the sale of securities and [WestPark] managed investment banking transactions."

25. In addition and throughout the eventual on-boarding process, and prior to Reilly entering into the Registered Representative Agreement, members of the firm's hiring group reviewed Reilly's U4 and past U5s, and conferred with the individuals who initially

referred him to the firm and who vouched for his good character, reputation, qualifications and experience. Those same members of the firm’s hiring group also directly discussed Mr. Reilly’s professional history with him directly, including his resignation from Pru Bache in 1989.

26. On September 19, 2012, CCO sent an e-mail to Managing Director and CEO, stating: “Attached is the letter that I will be finalizing today regarding the ongoing internal investigation and need to put Reilly on heightened supervision ([Managing Director] and I have discussed this in detail). I would like you to review it and let me know if you have any questions or comments (I have included both the HS agreement and inquiry letter I need [Reilly] to respond to introducing the HS). Please call me to discuss. I want to have this meeting with [Reilly] no later than tomorrow so [Reilly] understands everything VERY CLEARLY. [Managing Director] will be facilitating that meeting in your absence [CEO].”
27. On September 19, 2012, WestPark placed Reilly on heightened supervision.
28. From July 19, 2012 until September 30, 2013, on six separate occasions, amendments to Reilly’s Form U4 were filed which failed to accurately and fully disclose Reilly’s judgments/liens.
29. On September 30, 2013, an amendment to Reilly’s Form U4 was filed. The amendment contained the following disclosures relating to judgments/liens:

Date Reported	Event Date	Type	Amount
09/30/2013	12/27/2006	Tax	\$96,004.54
09/30/2013	07/18/2006	Tax	\$318,325.42
09/30/2013	07/16/1998	Tax	\$23,199.62
09/30/2013	04/07/1993	Tax	\$35,462.14

30. On October 3, 2013, an amendment to Reilly’s Form U4 was filed. The amendment contained the following disclosures relating to judgments/liens:

Date Reported	Event Date	Type	Amount
10/03/2013	09/22/2013	Civil	\$16,598
10/03/2013	08/02/2012	Civil	\$6,821

31. On November 8, 2012, CCO submitted a letter serving as formal resignation and two week notice from WestPark.
32. After reviewing the Written Supervisory Procedures Manual for 2012 (“WSPs”), the following sections appeared to be relevant regarding Reilly’s conduct at WestPark:
 - a. Section 4.1 states that it is “the responsibility of every Representative to keep their Form U4 current at all times. For purposes of defining ‘current’ – within 30 days of...Approved Outside Business Activities (new or termed)...Required disclosure for the following areas: Regulatory Action Disclosure...Civil Judicial

Disclosure...Costumer Complaint/Arbitration/Civil Litigation
Disclosure...Termination Disclosure...Financial Disclosure (to include
bankruptcy, short settlements, etc.)”; and

- b. Section 4.1.2 states the following are “obtained and/or reviewed and maintained in connection with becoming a registered representative: Signed Application...Signed Form U4...CRD report...Credit check.”
33. FINRA Rule 3110(e) provides that “[e]ach member shall ascertain by investigation the good character, business reputation, qualifications and experience of an applicant before the member applies to register that applicant with FINRA and before making a representation to that effect on the application for registration.” “[T]he member shall review a copy of the applicant’s most recent Form U5, including any amendments thereto.” “In addition, each member shall establish and implement written procedures reasonably designed to verify the accuracy and completeness of the information contained in an applicant’s initial or transfer Form U4 no later than 30 calendar days after the form is filed with FINRA. Such procedures shall, at a minimum, provide for a search of reasonably available public records to be conducted by the member, or a third-party service provider, to verify the accuracy and completeness of the information contained in the applicant’s initial or transfer Form U4.”
 34. In a letter dated January 1, 2015, to the Enforcement Section, WestPark described the investigation that was conducted prior to Reilly’s hiring, which included:
 - a. the hiring committee reviewed Reilly’s CRD snapshot that was distributed by CCO.
 - b. The CCO also ran a background check on Reilly using Justifacts.
 - c. In reviewing Reilly’s CRD, the firm noted that Reilly had multiple outstanding liens as well as a termination, and inquired with Reilly about the same.
 - d. Reilly informed the firm that the liens were due to a lengthy divorce and provided a written explanation surrounding Reilly’s termination. Reilly was also interviewed by CEO and Managing Director about the same.
 35. A review of Reilly’s record with the CRD System revealed that Reilly failed to timely report 18 liens and judgments that accrued between 1993 and 2012. Six of these liens and judgments were not reported until September or October of 2013.
 36. Respondents filed an application for registration that was incomplete in a material respect, and Respondents did not promptly report to and file with the Commissioner material changes in that prior application, including the existence of certain unsatisfied liens and judgments.
 37. The Enforcement Section acknowledges the cooperation and assistance of WestPark throughout its inquiry into these matters, as well as the firm’s hiring of a new chief

compliance officer and implementation of enhanced processes for considering and associating with new representatives. In particular, WestPark has worked with Business Information Group (BIG) to put in place measures that allow for monitoring of WestPark representatives' disclosable activity not only at the time of hiring but throughout each year. BIG is a "FINRA Compliance Resources Provider" specifically identified by FINRA as providing a program specifically designed to assist firms such as WestPark in periodically identifying financial, civil and criminal disclosure events. The Enforcement Section also acknowledges the cooperation and assistance of Reilly in this inquiry, and that he has sought to satisfy the liens and judgments referenced herein, including full satisfaction of all tax liens described in Paragraph 29 above.

II. CONCLUSIONS OF LAW

38. The Commissioner finds that Respondents filed an incomplete application for registration and failed to promptly update application information that had become inaccurate, in violation of Sections 409.4-412(d)(1) and 409.4-406(b), and that these violations constitute grounds to issue an order pursuant to Sections 409.4-412 and 409.6-604.
39. The Commissioner, after consideration of the stipulations set forth above and on the consent of the Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over the Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

1. Respondents, their agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from violating Sections 409.4-412 and 409.4-406.
2. Respondents are hereby CENSURED.
3. Respondent WestPark shall maintain and enforce Written Supervisory Policies and Procedures in a manner reasonably designed to achieve full, accurate, and prompt reporting for WestPark representatives' Form U4s.
4. Respondents shall pay, jointly and severally, \$25,000 to the Missouri Secretary of State's Investor Education and Protection Fund. Respondents are ordered to pay \$18,000 as follows: \$6,000 on or before May 1, 2017; \$6,000 on or before August 1, 2017; and \$6,000 on or before November 1, 2017. Such payments shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.

5. Respondents' payment of the remaining \$7,000 is suspended and, provided that Respondents comply in full with the ordered items in paragraph 4, above, shall be fully and finally waived.
6. All suspended and/or pending payments in paragraphs 4 and 5, above, shall become due immediately upon the sooner of (1) Respondents' noncompliance with the terms of this Consent Order, or (2) a finding, after notice and opportunity for a hearing, by the Commissioner or a court of competent jurisdiction that Respondents have violated the Missouri Securities Act. Such immediately due payments shall be in addition to all other penalties then available under the law.
7. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 3rd DAY OF MARCH, 2017.

JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

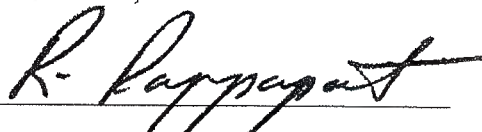
Consented to by:

THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION


Tyler B. McCormick
Chief Counsel

RESPONDENTS:

WESTPARK CAPITAL, INC.

BY: 
NAME: RICHARD RAPPAPORT
TITLE: CEO



John Reilly

JOHN REILLY