



**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN RE JOSHUA W. CONNER

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TSD No.: 20-040

ORDER OF DENIAL

This Order of Denial issues as the result of the attached Petition for Order of Denial, submitted by the Tennessee Securities Division of the Tennessee Department of Commerce and Insurance (“Division”). The Assistant Commissioner finds that this action is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policies and provisions of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-1-101 to 48-1-201 *et seq.* (“Tennessee Securities Act”). This Order of Denial results from the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. Joshua W. Conner (“Conner”), CRD # 4945942, is a resident of Tennessee, with an address on record with the Division of: 8299 Saundersville Road, Mt. Juliet, TN 37122.
2. On June 8, 2020, LPL Financial, LLC (“LPL”) submitted an application on behalf of Conner for registration with the Division to conduct business as a broker-dealer agent in Tennessee.
3. Conner’s application for registration was completed on July 1, 2020.

4. As part of Conner's application, Conner disclosed that he was permitted to resign from MWA Financial Services, Inc. ("MWA"), where he had been registered as an agent, due to "taking of property."

5. Conner included a personal statement in his disclosure that read:

In February, 2019 I withdrew funds from Modern Woodman's "chapter account" to be used to pay for an event. A "chapter account" is a Modern Woodmen owned account that representatives can utilize to support fraternal programs within the community. Each fraternal benefit has a certain amount of money allotted to that benefit. Upon completion of the event, I still had money left over and mistakenly did not replenish the difference. Once I realized the mistake, I took full responsibility for the errors immediately.

6. On June 9, 2020, the Division sent a letter to LPL asking Conner to provide a comprehensive narrative explaining the circumstances surrounding his separation from MWA and to provide any FINRA correspondence associated with the separation.

7. On June 19, 2020, LPL provided a narrative from Conner, wherein Conner admitted that he did "keep some funds that was not payment" and "alter a few invoices." Conner further stated that over the last ten (10) years, he has "made a handful of mistakes."

8. Further, on June 19, 2020, LPL provided all requested FINRA correspondence.

9. In a letter from FINRA dated April 10, 2020, FINRA advised Conner that FINRA was conducting an inquiry with respect to a Form U5 filing made by MWA on Conner's behalf, and requested a written, signed statement from Conner.

10. On or about April 23, 2020, Conner provided FINRA with a written statement mirroring his disclosure to the Division, but adding in part, "There were no other instances where funds were taken."

11. On May 20, 2020, FINRA sent a letter to Conner asking for another written, signed statement providing more details about the MWA incident.

12. Conner fulfilled FINRA's request and submitted a response that mirrored his June 19, 2020, letter to the Division.

13. After reviewing this information, the Division sent a second letter to LPL on June 19, 2020, asking Conner to elaborate on his statement that he "did keep some funds that was not payment" and "did alter a few invoices[,]'" and to explain how much he kept.

14. On June 26, 2020, Conner responded to the Division's second letter, stating:

To the best of my recollection, I took \$2,500 - \$5,000 through 2018 and 2019 from funds that were left over from projects or from projects that were cancelled, or projects not held. To the best of my recollection, I altered 5-10 invoices over that two year window to reflect those unfinished projects and cancelled projects were completed. To the best of my recollection, the amounts ranged from \$50 to \$500 during those 5-10 times funds were taken over that period of time. My intentions were to utilize those funds for future projects or use towards work related expenses however I did not keep record of it. I did ask my supervisor for the opportunity to pay back what I owed when confronted with it and he told me that wasn't necessary. I am incredibly sorry for the mistakes I have made in handling these chapter funds and accounts.

15. On July 1, 2020, the Division sent a third letter to LPL asking Conner to explain when the taking of funds began and how MWA came to discover the missing money.

16. On July 1, 2020, Conner responded to the third letter stating, "[T]he time frame I took funds was in the calendar years of 2018 and 2019." Conner further explained in the letter that his supervisor asked him "point blankly about taking some of the funds that was left over and I told him I did take them. He also asked me about an invoice that pertained to it and I told him I altered it."

17. The Division's investigation revealed, contrary to Conner's written statements to FINRA and the Division, that Conner took twenty thousand, nine hundred forty-nine dollars and sixty cents (\$20,949.60) by falsifying reimbursement requests and making debit card purchases that were not for fraternal activities between 2017 and 2019.

CONCLUSIONS OF LAW

18. The Tennessee Securities Act places the responsibility for its administration with the Commissioner of the Department of Commerce and Insurance ("Commissioner"). The Division is the lawful agent through which the Commissioner discharges this responsibility pursuant to Tenn. Code Ann. § 48-1-115.

19. Tenn. Code Ann. § 48-1-115 and Tenn. Comp. R. & Regs. 0780-04-01-.04(1)(b)4. expressly empower the Assistant Commissioner to issue orders of effective registration, orders of denial, and other orders not involving any sanctions.

20. Tenn. Code Ann. § 48-1-112(a)(1), (a)(2)(A), (a)(2)(B), and (a)(2)(G) provides that the Commissioner may by order deny registration upon finding that: the order is in the public interest and necessary for the protection of investors; the applicant filed an application for registration which includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; the applicant willfully violated or willfully failed to comply with any provision of the Act or any rule under the Act; or the applicant engaged in dishonest or unethical practices in the securities business.

21. Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(b)17. provides that violating any rule of a national securities exchange or national securities dealers association [now FINRA] of which it is a member with respect to any customer, transaction, or business in this state, shall be

deemed dishonest or unethical business practices by an agent under Tenn. Code Ann. § 48-1-112(a)(2)(G).

22. FINRA Rule 2010 requires a member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade.

23. The Findings of Fact demonstrate that Conner filed an application for registration which includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, when he first stated that he “mistakenly did not replenish the difference[.]” then admitted he took between two thousand, five hundred dollars (\$2,500) and five thousand dollars (\$5,000) between 2018 and 2019, but was found to have taken twenty thousand, nine hundred forty-nine dollars and sixty cents (\$20,949.60) between 2017 and 2019, in violation of Tenn. Code Ann. § 48-1-112(a)(2)(A).

24. The Findings of Fact show that applicant Conner committed dishonest and unethical business practices when he took twenty thousand, nine hundred forty-nine dollars and sixty cents (\$20,949.60) from MWA between 2017 and 2019, in violation of Tenn. Code Ann. § 48-1-112(a)(2)(G).

25. The Findings of Fact exhibit that Conner willfully violated or willfully failed to comply with any provision of the Act or any rule under the Act, in violation of Tenn. Code Ann. § 48-1-112(a)(2)(B), when he violated Tenn. Comp. R. & Regs. 0780-04-03-.02(6)(b)17. and FINRA Rule 2010 by failing to observe high standards of commercial honor when he took twenty thousand, nine hundred forty-nine dollars and sixty cents (\$20,949.60) from MWA between 2017 and 2019.

26. Conner's conduct provides sufficient grounds for the denial of his application for registration as a broker-dealer agent pursuant to Tenn. Code Ann. § 48-1-112(a)(1) and (a)(2)(G).

ORDER

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. Joshua W. Conner's application for registration as a broker-dealer agent in the state of Tennessee is **DENIED**.

2. The applicant is advised that he has the right to a hearing on all matters raised in this Order of Denial. If the applicant wishes to exercise his right to a hearing, notice must be provided in writing to:

**Garron Amos
Associate General Counsel
Tennessee Department of Commerce and Insurance
Davy Crockett Tower
500 James Robertson Pkwy
Nashville, TN 37243**

3. The notice must be received within ten (10) calendar days of receipt of this Order. If the request is not timely received, this Order shall become effective as of 12:00 PM Central Time on the tenth day following service.

4. If a hearing is requested, and a notice of hearing and charges is pursued, the Division may request additional relief not requested in its petition, including but not limited to civil penalties and the costs of the hearing.

ENTERED AND EXECUTED July 23, 2020.



EB (Jul 23 2020 10:02 CDT)

Elizabeth Bowling
Assistant Commissioner for Securities
Department of Commerce and Insurance

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the attached Petition for an Order of Denial and Order of Denial will be served upon Joshua W. Conner via U.S. Certified Mail, Return Receipt Requested, to the below enclosed address on July 24, 2020.

Return Receipt No.: _____

8299 Saundersville Road
Mt. Juliet, TN 37122

Garron Amos _____
Garron Amos