

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2023080627902**

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

RE: Richard Mireles (Respondent)  
General Securities Principal  
CRD No. 5288651

Pursuant to FINRA Rule 9216, Respondent Richard Mireles 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**

Mireles first registered with FINRA in 2007. In May 2010, Mireles registered as a General Securities Representative through an association with Independent Financial Group, LLC (CRD No. 7717) (IFG). He also has been registered with FINRA as a General Securities Principal through IFG since November 2010. Since May 2018, Mireles has been IFG's Vice President of Supervision.<sup>1</sup>

**OVERVIEW**

Between July 2020 and December 2022, Mireles failed to reasonably respond to red flags, which were escalated to him, of excessive trading by a registered representative who excessively traded five customers' accounts, and therefore failed to reasonably supervise, in violation of FINRA Rules 3110 and 2010.

**FACTS AND VIOLATIVE CONDUCT**

**A. Applicable rules.**

FINRA Rule 3110 requires a member firm to establish, maintain, and enforce a system, including written supervisory procedures, to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws

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<sup>1</sup> For more information about the Respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

and regulations, and with applicable FINRA rules. The duty to supervise under Rule 3110 also includes the responsibility for firms and their designated supervisors to reasonably investigate red flags of potential misconduct and to act upon the results of their investigation.

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles on trade. A violation of FINRA Rule 3110 also is a violation of FINRA Rule 2010.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities and Exchange Act of 1934. Reg BI's Care Obligation, set forth at Exchange Act Rule 15c-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, have a reasonable basis to believe that a series of recommended transactions is not excessive and is in the retail customer's best interest.

Under FINRA Rule 2111(a)<sup>2</sup> members and associated persons are required to have a reasonable basis for believing that a series of recommended transactions are not excessive.

**B. Mireles failed to reasonably respond to red flags, which were escalated to him, of excessive trading by a registered representative who excessively traded five customers' accounts.**

Between July 2020 and December 2022, Mireles, IFG's Vice President of Supervision, failed to reasonably respond to red flags, which were escalated to him by members of his team, of an IFG registered representative who was excessively trading five customers' accounts. Mireles supervised IFG lower-level supervisors who reviewed certain of the firm's trade alerts and blotters, including a "high-principal solicited trade" alert. Between July 2020 and December 2022, numerous trades placed by the registered representative in all five customers' accounts repeatedly appeared on that alert, which was based on a ruleset whose parameters were designed to flag solicited trades with a high principal amount.

Mireles failed to reasonably respond when these indicia of excessive trading were brought to his attention. The lower-level designated supervisors reviewing trade alerts developed concerns that the registered representative was excessively trading customers' accounts and brought these concerns to Mireles's attention. For example, in May 2021, an IFG supervisor alerted Mireles to his concerns about the volume of high-principal solicited trades that the registered representative was placing in customers' accounts, including the accounts of senior customers. This was the second supervisor to raise such concerns to Mireles. Mireles, however, directed the supervisor to perform only trade-by-trade assessments to review for compliance with Reg BI and suitability, and not to review the series of trades that the registered representative was placing within an account for potential excessive trading.

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<sup>2</sup> As of June 30, 2020, FINRA Rule 2111 continues to apply to non-retail customers who are not subject to Reg BI.

Between July 2020 and December 2022, the registered representative excessively traded five customers' accounts, causing a level of trading inconsistent with the customers' investment profiles and that was not in their best interest or was not suitable.<sup>3</sup>

Collectively, these five customers paid more than \$2.2 million in total trading costs and incurred realized losses totaling approximately \$2.2 million. For example, one customer was, in July 2020, a 77-year-old retiree with a capital preservation investment objective and a moderate risk tolerance. The registered representative's trading produced an annualized cost-to-equity ratio of 20.3%. This customer paid more than \$490,000 in total trading costs and incurred realized losses of more than \$550,000, inclusive of commissions. Another account was in the name of a trust owned by a retiree who was 88-years old when she died in 2022. The trust account had an investment objective of growth and income and a moderate risk tolerance. The registered representative's trading produced an annualized cost-to-equity ratio of 23.4%. This account paid more than \$650,000 in total trading costs and incurred realized losses of more than \$560,000, inclusive of commissions.

Therefore, from July 2020 through December 2022, Mireles violated FINRA Rules 3110 and 2010.

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

- a four-month suspension from association with any FINRA member in all principal capacities; and
- a \$5,000 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 in any principal capacity, 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, Respondent may not be associated with any FINRA member in any principal capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Respondent is subject to a statutory disqualification during the

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<sup>3</sup> FINRA's Department of Enforcement filed a Complaint against the registered representative in October 2023 and accepted an offer of settlement from the representative in August 2024.

suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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 the AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

September 5, 2024

Date

Richard Mireles

Richard Mireles  
Respondent

Reviewed by:

Alan Wolper  
Alan Wolper  
Counsel for Respondent  
UB Greensfelder LLP  
500 W. Madison Street, Suite 3600  
Chicago, Illinois 60661

Accepted by FINRA:

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

September 13, 2024

Date

Jessica Moran  
Jessica Moran  
Principal Counsel  
FINRA  
Department of Enforcement  
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