FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2019060753505

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

RE: Troy Allen Orlando (Respondent)
Former General Securities Representative
CRD No. 6055474

Pursuant to FINRA Rule 9216, Respondent Troy Allen Orlando 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

Orlando first registered with FINRA as a General Securities Representative (GS) in April 2012. From November 2015 through July 2019, Orlando was registered with FINRA as a GS through Spartan Capital Securities, LLC (Spartan) (CRD No. 146251). From July 2019 to December 2020, Orlando was registered with FINRA as a GS through Worden Capital Management LLC (Worden) (CRD No. 148366). From December 2020 through November 2023, Orlando was registered with FINRA as a GS through three different FINRA member firms.

Although Orlando is no longer registered or associated with a FINRA member firm, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.[1]

OVERVIEW

From January 2018 through November 2020, while registered with FINRA through Spartan and Worden, Respondent recommended a series of trades in five customers' accounts that were excessive, unsuitable, and not in the customers' best interest. By this conduct, Respondent willfully violated the Best Interest Obligation under Rule 15*l*-1 of the Securities Exchange Act of 1934 (Regulation BI) (for the period June 30, 2020,

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

through November 2020) and violated FINRA Rule 2111 (for the period January 2018 through June 29, 2020) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Regulation BI's Best Interest Obligation requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer. Regulation BI's Care Obligation, set forth at Exchange Act Rule 15*l*-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, even if in the retail customer's best interest when viewed in isolation, is not excessive and is in the retail customer's best interest in light of the retail customer's investment profile. A violation of Regulation BI also is a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Prior to June 30, 2020, FINRA Rule 2111 required members and associated persons to have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer. FINRA's suitability rule included an obligation to adhere to standards of "quantitative suitability"—i.e., whether the quantity of activity within a given timeframe is suitable in light of the customer's financial circumstances and investment objectives. Under Rule 2111.05(c), members and associated persons with actual or *de facto* control over an account were required 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 in light of the customer's investment profile. A violation of FINRA Rule 2111 also is a violation of FINRA Rule 2010.

No single test defines when trading is excessive, but factors such as the turnover rate and the cost-to-equity ratio are relevant to determining whether a member firm or associated person has excessively traded a customer's account. The 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 must 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 a series of recommended transactions was excessive.

From January 2018 through November 2020, Orlando engaged in quantitatively unsuitable trading in the accounts of five customers. Orlando recommended high frequency trading in the five customer accounts. Orlando's customers relied on his advice and routinely followed his recommendations and, as a result, Orlando exercised *de facto* control over the five customers' accounts.

Orlando's trading resulted in high turnover rates and cost-to-equity ratios that were well above the traditional guideposts of six and 20 percent, respectively, as well as significant losses, as set forth below. This level of trading was excessive, unsuitable, and not in the best interest of these five customers given their investment profiles.

1. In June 2016, Customer A opened an account at Spartan with Orlando. At that time, Customer A was a 49-year-old accountant. According to Customer A's new account documentation, his investment objective was speculation. From August 2018 through November 2018, Orlando's trading in Customer A's account resulted in a turnover rate of 20 and a cost-to-equity ratio of 87 percent. Orlando's trading in Customer A's account generated total trading costs of $38,513, including $36,777 in commissions, and caused $80,072 in realized losses.

2. In January 2018, Customer B opened an account at Spartan with Orlando. At that time, Customer B was a 63-year-old real-estate executive. From January 2018 through February 2019, Orlando's trading in Customer B's account resulted in an annualized turnover rate of 32 and an annualized cost-to-equity ratio of 172 percent. Orlando's trading in Customer B's account generated total trading costs of $24,988, including $21,305 in commissions, and caused $12,818 in realized losses.

3. In July 2019, Customer C opened an account at Worden with Orlando. At that time, Customer C was a 67-year-old owner of a car dealership. According to Customer C's new account documentation, his investment objective was speculation and his investment knowledge was limited. From July 2019 through November 2020, Orlando's trading in Customer C's account resulted in an annualized turnover rate of 62 and an annualized cost-to-equity ratio of 221 percent. Orlando's trading in Customer C's account generated total trading costs of $65,934, including $39,730 in commissions, and caused $37,998 in realized losses.

4. In October 2019, Customer D opened an account at Worden with Orlando. At that time, Customer D was a 48-year-old engineer. According to Customer D's new account documentation, his investment objective was speculation. From October 2019 through November 2020, Orlando's trading in Customer D's account resulted in an annualized turnover rate of 93 and an annualized cost-to-equity ratio of 279 percent. Orlando's trading in Customer D's account generated total trading costs of $62,281, including $42,929 in commissions, and caused $40,710 in realized losses.

5. In July 2019, Customer E opened an account at Worden with Orlando. At that time, Customer E was a 71-year-old truck salesman. According to Customer E's new account documentation, his investment objective was speculation. From July

2019 through November 2020, Orlando's trading in Customer E's account resulted in an annualized turnover rate of 37 and an annualized cost-to-equity ratio of 132 percent. Orlando's trading in Customer E's account generated total trading costs of $40,082, including $24,156 in commissions, and caused $26,852 in realized losses.

Therefore, Respondent willfully violated Exchange Act Rule 15*l*-1 (for the period June 30, 2020, through November 2020) and violated FINRA Rule 2111 (for the period January 2018 through June 29, 2020) and FINRA Rule 2010.

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

- a 20-month suspension from associating with any FINRA member in all capacities; and
- restitution of $58,082.50 plus interest as described below.[2]

Respondent has submitted a statement of financial condition and demonstrated a limited ability to pay. In light of Respondent's financial status, the sanctions do not include a monetary fine.

Restitution is ordered to be paid to the customers listed on Attachment A to this AWC (Eligible Customers) in the total amount of $58,082.50 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 the respective dates set forth on Attachment A, until the date the restitution plus interest are due and payable.

Restitution plus interest ordered pursuant to this disciplinary action are due and payable immediately upon reassociation with a member firm or upon submission of any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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 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 the restitution plus interest are due and payable.

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,

[2] The restitution imposed in this AWC is equal to the commissions paid by Customers A and B. Customers C, D, and E previously obtained an arbitration award against Worden related to Orlando's trading.

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 restitution and interest are due and payable, 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 sanction imposed in this matter.

The imposition of a restitution order or any other monetary sanction 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.

Respondent understands that this settlement includes a finding that he willfully violated Rule 15*l*-1 of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

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

11/15/2023
Date

Troy Allen Orlando
Respondent

Reviewed by:

Michael Utilla, Esq.
Counsel for Respondent
2225 East 74th Street
Brooklyn, New York 11234
Accepted by FINRA:

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

11/22/2023
Date

Michael Dorfman-Gonzalez
Michael Dorfman-Gonzalez
Senior Counsel
FINRA
Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281

Attachment A

Customer	Date	Restitution Amount (Exclusive of Interest)
A	November 14, 2018	$36,777.00
B	February 20, 2019	$21,305.50