FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2017056432601

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

RE: Worden Capital Management LLC (Respondent)
Member Firm
CRD No. 148366

Jamie J. Worden (Respondent)
General Securities Principal
CRD No. 4637404

Pursuant to FINRA Rule 9216, Respondents Worden Capital Management LLC (WCM) and Jamie J. Worden (Worden) submit 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 Respondents alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondents hereby accept and consent, without admitting or denying the findings and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

WCM has been a FINRA member firm since February 2009. The firm's headquarters is in Garden City, New York. Currently, WCM has 49 registered representatives working out of six branch locations, primarily in the New York metropolitan area. WCM is an introducing broker-dealer that generates the majority of its revenues from commissions charged in connection with buying and selling equities for its retail customers.

Worden first registered with FINRA as a General Securities Representative (GS) through a member firm in March 2003. From February 2009 to present, Worden has been registered with FINRA through WCM as a GS and a General Securities Principal. In November 2011, Worden also became registered through WCM as an Operations Professional. Worden owns WCM and, since WCM's inception in 2009, Worden has served as the firm's Chief Executive Officer. He was also the firm's Chief Compliance Officer from July 2013 to April 2016.

Respondents do not have any relevant disciplinary history.

OVERVIEW

From January 2015 to October 2019, WCM and Worden failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures (WSPs), reasonably designed to achieve compliance with FINRA's suitability rule as it pertains to excessive trading. As a result, WCM registered representatives made unsuitable recommendations and excessively traded customer accounts, causing customers to incur more than $1.2 million in commissions. By this conduct, WCM and Worden violated FINRA Rules 3110 and 2010.

In August 2017, WCM and Worden interfered with customer requests to transfer accounts from WCM to another member firm in connection with the change in employment of 13 registered representatives in violation of FINRA Rules 2140 and 2010.

From January 2016 to December 2020, WCM failed to timely file 59 amendments to the Uniform Applications for Securities Industry Registration or Transfer (Form U4s) and Uniform Termination Notice for Securities Industry Registration (Form U5s) for 13 of its registered persons to disclose the filing or resolution of customer arbitrations. As a result, WCM violated Article V, Sections 2(c) and 3(b) of FINRA's By-Laws and FINRA Rules 1122 and 2010. Relatedly, WCM failed during the same period to establish and maintain a supervisory system reasonably designed to achieve compliance with its Form U4 and Form U5 disclosure obligations in violation of FINRA Rules 3110(a) and 2010.

FACTS AND VIOLATIVE CONDUCT

A. The relevant rules

FINRA Rule 3110(a) requires that FINRA members "establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules." FINRA Rule 3110(b) requires that each FINRA member "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with the applicable securities laws and regulations, and with applicable FINRA Rules." A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010, which requires member firms to "observe high standards of commercial honor and just and equitable principles of trade."

FINRA Rule 2111, FINRA's suitability rule, requires that member firms and their associated persons have a reasonable basis to believe that a recommended transaction or investment strategy is suitable for the customer based on the customer's investment profile. A customer's investment profile includes the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, and risk tolerance.

Rule 2111 also imposes a "quantitative suitability" obligation that focuses on whether the number of transactions within a given timeframe is suitable in light of the customer's

investment profile. Excessive trading occurs, and is unsuitable, when a registered representative, while exercising actual or de facto control over a customer's account, recommends a level of trading activity that is inconsistent with the customer's investment needs and objectives.

The Supplementary Material to FINRA Rule 2111 at Rule 2111.05(c) states that "[n]o single test defines excessive activity, but factors such as the turnover rate, cost-equity ratio, and the use of in-and-out trading in a customer's account may provide a basis for a finding that a member or associated person has violated the quantitative suitability obligation." 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 and cost-to-equity ratio above 20% are indicators that excessive trading may have occurred.

B. WCM and Worden failed to establish, maintain, and enforce a supervisory system reasonably designed to supervise actively traded accounts.

From January 2015 through October 2019, WCM's business consisted in large part of registered representatives recommending active short-term trading to retail customers with speculative investment objectives. Many WCM representatives also recommended that their customers use margin to increase their buying power.

The firm's WSPs, however, failed to reasonably address how the firm reviewed for suitability issues in actively traded accounts, including excessive trading. Specifically, the WSPs noted that factors such as the turnover rate, the cost-to-equity ratio, and in-and-out trading might be indicative of a suitability violation but did not define those terms. The WSPs also failed to explain what actions to take when supervisors and principals observed such activity. Instead, the procedures attempted to summarize Rule 2111, incorrectly limiting the definition of excessive trading to when the firm or representative "**has actual control over** a customer account,"[1] without reference to circumstances when a firm or representative has de facto control over a customer's account. Further, although branch managers were responsible for supervising trading activity at their assigned branches, the WSPs were silent on how they should perform that supervision.

In practice, the firm had two ways to review for excessive trading activity, which were individually and collectively unreasonable. First, the branch managers utilized daily trade blotters to perform their reviews, but those blotters were not designed to flag excessive activity. Certain branch managers also either received reports or logs reflecting cost-to-equity ratios or independently calculated their own cost-to-equity ratios, which often revealed high levels of trading activity in customer accounts. The branch managers, however, did not take reasonable actions to address the excessive activity they observed.

[1] Emphasis in original.

Second, WCM used a Monthly Active Account Report (Monthly Report), which flagged customer accounts meeting certain thresholds such as high commission-to-equity ratios, high volume of trades, and losses greater than 20% of an account's equity during the month. The Monthly Report routinely flagged dozens of customer accounts each month throughout the review period. For example, the March 2017 Monthly Report flagged 91 accounts, which was approximately ten percent of all firm accounts that traded during the month. Moreover, the same customer accounts appeared on the Monthly Report multiple times. Many of the accounts that appeared on the Monthly Report reflected indicia of excessive trading and should have attracted scrutiny because the accounts had (1) annualized cost-to-equity ratios and turnover rates well above the traditional guideposts of 20% and 6, respectively, (2) large numbers of transactions and high commissions, and (3) substantial losses.

From January 2015 to February 2018, Worden delegated the supervisory review of the Monthly Report to Principal A. Worden did not train Principal A as to how to review the Monthly Reports for excessive trading or otherwise check that Principal A was conducting a reasonable review. Further, although Worden had access to the Monthly Reports and occasionally reviewed the reports, he never acted on the dozens of accounts that routinely were flagged because he believed active trading was suitable for speculative customers.

As a result of the lack of supervisory procedures and lack of training and oversight by WCM and Worden, Principal A's review of the Monthly Report was unreasonable. Principal A did not understand WCM's and its associated persons' suitability obligations and could not define or calculate a cost-to-equity ratio or turnover rate. Thus, Principal A did not use the Monthly Reports' high cost-to-equity ratios and turnover rates to identify potentially violative conduct. Instead, Principal A wrongly assumed all active trading was suitable for customers with a speculative investment objective. Principal A often sent flagged customers an "active account letter" but the letter merely stated that the firm "trust[ed]" customers were receiving "trade confirmations and monthly statements on a timely basis and are reviewing them for accuracy." Although WCM briefly implemented a more detailed active account letter that reflected, among other things, the amount of commissions paid by the customer and the number of transactions, after Worden was consulted, the firm ceased using this letter after one month because it caused customers to express concerns about their accounts.

From February 2018 to October 2019, Worden and WCM's new CCO (as of July 2017) delegated the review of the Monthly Report to the branch managers for each WCM branch. The system did not improve. The firm did not update the firm's WSPs to reflect this change in supervisory review and the branch managers generally were not trained on how to conduct the reviews and escalate issues. Like Principal A, during their reviews of the Monthly Report, branch managers often assumed all active trading—regardless of the accumulating costs and losses—was suitable for speculative customers.

In addition, the firm did not have reasonable policies or procedures regarding margin use. Despite the fact that many of the firm's representatives recommended the use of margin to their customers and that high interest rates were charged to customers who used

margin, the WSPs failed to address how to supervise margin use.[2] Nor did the firm implement reasonable tools to monitor margin use. In approximately June 2017, the firm began to use a report, provided by its clearing firm, that flagged accounts with concentrated positions in one security in a margin account. This report, however, was used to notify customers of their concentrated positions and not to supervise for potential sales practice violations.

As explained in the Supplementary Material in FINRA Rule 2111.05, members and associated persons must ensure that they have a "reasonable basis to believe, based on reasonable diligence, that the recommendation is suitable for at least *some* investors." That obligation includes a requirement that the firm and associated persons understand the risks and rewards of a trading strategy. Generally, neither the firm nor its supervisors considered the risks of the active trading strategies recommended by the firm's representatives—particularly the impact of significant costs and margin use on account performance. During the relevant period, WCM's unreasonable supervisory system allowed its registered representatives to make unsuitable recommendations and excessively trade customer accounts causing customers to incur more than $1.2 million in commissions. For example:

- Between May 2015 and September 2017, there were 635 trades in Customer A's account. The account had an annualized cost-to-equity ratio of approximately 84% and an annualized turnover rate of more than 92. Customer A incurred realized losses of more than $1 million, inclusive of $285,169 in commissions.

- Between December 2016 and October 2018, there were 83 trades in Customer B's account. The account had an annualized cost-to-equity ratio of approximately 135% and an annualized turnover rate of more than 29. Customer B incurred realized losses of $36,838, inclusive of $45,082 in commissions.

- Between November 2016 and September 2017, there were 313 trades in Customer C's account. The account had an annualized cost-to-equity ratio of approximately 103% and an annualized turnover rate of more than 25. Customer C incurred realized losses of $118,490, inclusive of $205,557 in commissions.

- Between June 2016 and March 2017, there were 65 trades in Customer D's account. The account had an annualized cost-to-equity ratio of 81% and an annualized turnover rate of more than 36. Customer D incurred realized losses of $118,136, inclusive of $35,365 in commissions.

On the few occasions when branch managers affirmatively identified problematic trading, they would take only limited measures in response, such as recommending that representatives reduce future commissions. No one at the firm, for example, disciplined the representatives, or otherwise increased scrutiny of the representatives' other customer

[2] During the relevant period, the margin interest rate charged to WCM customers generally varied between 10% and 12% depending upon the customer's margin balance.

accounts. Indeed, Worden rejected the CCO's recommendation that at least four representatives be disciplined for unsuitable recommendations.

By such conduct, WCM and Worden violated FINRA Rules 3110 and 2010.

C. WCM and Worden interfered with customer requests to transfer their accounts from WCM to another broker-dealer.

FINRA Rule 2140 prohibits members and associated persons from "interfer[ing] with a customer's request to transfer his or her account in connection with the change in employment of the customer's registered representative," except for accounts subject to liens or other bona fide claims. A violation of FINRA Rule 2140 also constitutes a violation of FINRA Rule 2010.

On August 15, 2017, 13 registered representatives resigned from WCM and became associated with another member firm (Firm A). Many of the customers whose accounts were serviced by the departing representatives began requesting the transfer of their accounts from WCM to Firm A.

Worden caused WCM's clearing firm to restrict 288 customer accounts associated with the 13 former WCM representatives. Although the restrictions were purportedly based on the absence of a photo identification for the customers, that is not a requirement that needs to be met before a firm processes a request to transfer a customer's account. As a result of these restrictions, the clearing firm rejected requests by customers to transfer 54 accounts from WCM to Firm A and, in some cases, a customer's request to transfer an account was rejected multiple times. During the delays in processing the customers' account transfer requests, WCM representatives, including Worden, sought to convince customers to keep their accounts with WCM instead of following their representatives to Firm A. WCM ultimately lifted the restrictions and allowed the accounts to be transferred to Firm A.

Therefore, WCM and Worden violated FINRA Rules 2140 and 2010.

D. WCM failed to timely disclose customer arbitrations on the Form U4s and Form U5s of its registered persons and failed to establish and maintain a supervisory system reasonably designed to achieve compliance with its disclosure obligations.

Article V, Section 2(c) of FINRA's By-Laws requires that every Form U4 "be kept current at all times by supplementary amendments . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment." Similarly, Article V, Section 3(b) of FINRA's By-Laws requires FINRA members to amend a Form U5 "in the event that the member learns of facts or circumstances causing any information set forth in [the Form U5] to become inaccurate or incomplete" and to file any such amendment "not later than 30 days after the member learns of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 provides, "[n]o member or person

associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead, or fail to correct such filing after notice thereof." A violation of Article V, Sections 2(c) and 3(b) of FINRA's By-Laws and FINRA Rule 1122 also constitutes a violation of FINRA Rule 2010.

At all relevant times, Question 14I of Form U4 has required FINRA members and their registered persons to disclose whether a registered person has been named as a respondent in, or been the subject of, an investment-related, consumer-initiated arbitration alleging the person was involved in one or more sales practice violations. Question 7E of Form U5 has required FINRA members to make essentially the same disclosure with respect to its formerly registered persons as it relates to events that occurred during their association with the member. The Form U4 or Form U5 must be amended to disclose the filing of a reportable customer arbitration within 30 days of learning of the arbitration filing. The Form U4 or Form U5 must also be amended a second time to disclose the resolution of a reportable customer arbitration within 30 days of learning of such resolution, whether by an award, settlement, dismissal, withdrawal, or other means.

From January 2016 to December 2020, WCM failed to provide adequate guidance or training to the principals who determined whether to disclose customer arbitrations on their current and former representatives' Form U4s and Form U5s. This contributed to WCM's frequent failure to timely disclose arbitration-related events. WCM customers filed 27 investment-related arbitrations against WCM that, in total, required the firm to file 129 amendments to its current and former representatives' Form U4s and Form U5s to disclose the arbitration filings and the subsequent resolution of certain arbitrations. WCM failed to timely make 59 of the required amendments.

WCM's disclosure failures were particularly pronounced as it relates to customer arbitrations alleging that its executive officers failed to reasonably supervise other registered persons. When a principal is named as a respondent in, or is the subject of, a customer arbitration alleging he or she failed to supervise a representative who engaged in a sales practice violation, that arbitration generally must be disclosed on the principal's Form U4 or Form U5 because the principal is alleged to have been "involved" in one or more sales practice violations.[3] Such disclosure is generally required regardless of the principal's role, position, or actual supervisory responsibilities at the member firm. WCM incorrectly determined that such allegations did not require disclosure and, as a result, WCM was often several months to years late in amending the Form U4s or Form U5s of its executive officers to disclose customer arbitrations alleging a failure to supervise. Most of the late amendments were filed only after FINRA began its investigation.

By virtue of the foregoing, WCM violated Article V, Sections 2(c) and 3(b) of FINRA's By-Laws and FINRA Rules 3110(a), 1122 and 2010.

[3] The Form U4 and Form U5 Explanation of Terms defines "involved" as "doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or *failing reasonably to supervise another in doing an act*." (Emphasis added).

B. Respondents also consent to the imposition of the following sanctions:

For Jamie Worden:

- a 15 business-day suspension in all capacities;
- a three-month suspension in all supervisory capacities, to run consecutively;
- a fine of $15,000; and
- an undertaking that within 90 days of notice that this AWC has been accepted, Worden will attend and satisfactorily complete 20 hours of continuing education concerning supervisory responsibilities by a provider not unacceptable to FINRA. Worden will notify Jackie Wells, Senior Counsel, of the name and contact information of the provider of the continuing education at least 10 days prior to attending the continuing education. Within 30 days following the completion of the continuing education, Worden will submit written proof that the continuing education program was satisfactorily completed to Jackie Wells at Jackie.Wells@finra.org. All correspondence must identify the respondent and matter number 2017056432601. Upon written request showing good cause, FINRA staff may extend any of the deadlines related to the continuing education component of the sanction.

For WCM:

- a censure;
- a $350,000 fine;[4]
- restitution of $1,246,471; and
- an undertaking to retain an independent consultant as described below.

1. WCM has undertaken to do the following:

   a. Retain at its own expense and within 60 days of the date of the notice of acceptance of this AWC an independent consultant not unacceptable to FINRA to conduct a comprehensive review of the adequacy of WCM's compliance with FINRA Rule 3110, including but not limited to:

      (i) The firm's policies, systems and procedures for supervising actively traded accounts and the firm's compliance with the rules regarding suitability;

[4] In determining the fine amount, FINRA considered, among other factors, the firm's financial condition and the fact that it agreed to pay more than $1.2 million in restitution to impacted customers.

(ii) The firm's policies, systems and procedures related to the transfer of accounts; and

(iii) The firm's policies, systems and procedures related to compliance with Form U4 and Form U5 disclosure obligations, including but not limited to customer arbitrations.

b. Ensure that the independent consultant, any firm with which the independent consultant is affiliated or of which he or she is a member, and any person engaged to assist the independent consultant in performance of his or her duties, shall not have provided consulting, legal, auditing, or other professional services to, or had any affiliation with, WCM during the two years prior to the date of the notice of acceptance of this AWC.

c. Cooperate with the independent consultant in all respects, including providing the independent consultant with access to WCM's files, books, records, and personnel, as reasonably requested for the above-mentioned review. WCM shall require the independent consultant to report to FINRA on its activities as FINRA may request and shall place no restrictions on the independent consultant's communications with FINRA. Further, upon request, WCM shall make available to FINRA any and all communications between the independent consultant and WCM and documents examined by the independent consultant in connection with this review.

d. Refrain from terminating the relationship with the independent consultant without FINRA's written approval. WCM shall not be in and shall not have an attorney-client relationship with the independent consultant and shall not seek to invoke the attorney-client privilege or other doctrine or privilege to prevent the independent consultant from transmitting any information, reports, or documents to FINRA.

e. Require the independent consultant to submit an initial written report to WCM and FINRA at the conclusion of the independent consultant's review, which shall be no more than 120 days after the date of the notice of acceptance of this AWC. The initial report shall, at a minimum, (i) evaluate and address the adequacy of WCM's policies, systems, and procedures relating to actively traded accounts, account transfers, and Form U4 and Form U5 disclosure obligations; (ii) provide a description of the review performed and the conclusions reached; and (iii) make recommendations as may be needed regarding how WCM should modify or supplement its processes, controls, policies, systems, procedures, and training to manage its regulatory and other risks in relation to actively traded accounts, account transfers, and Form U4 and Form U5 disclosure obligations, and

(i) Within 60 days after delivery of the initial report, WCM shall adopt and implement the recommendations of the independent consultant or, if WCM considers a recommendation to be, in whole or in part, unduly burdensome or impractical, propose an alternative procedure to the independent consultant designed to achieve the same objective. WCM shall submit such proposed alternative procedures in writing simultaneously to the independent consultant and FINRA.

(ii) WCM shall require the independent consultant to (A) reasonably evaluate the alternative procedures and determine whether it will achieve the same objective as the independent consultant's original recommendation and (B) provide WCM and FINRA with a written report reflecting its evaluation and determination within 30 days of submission of any proposed alternative procedures by WCM. In the event the independent consultant and WCM are unable to agree, WCM must abide by the independent consultant's ultimate determination with respect to any proposed alternative procedure and must adopt and implement all recommendations deemed appropriate by the independent consultant.

(iii) Within 30 days after the issuance of the later of the independent consultant's initial report or any written report regarding proposed alternative procedures, WCM shall provide the independent consultant and FINRA with a written implementation report, certified by an officer of WCM, attesting to, containing documentation of, and setting forth the details of WCM's implementation of the independent consultant's recommendations. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. FINRA may make reasonable requests for further evidence of compliance, and WCM agrees to provide such evidence.

f. Require the independent consultant to enter into a written agreement that, for the duration of the engagement and for a period of two years from the completion of the engagement, the independent consultant shall not enter into any other employment, consultant, attorney-client, auditing, or other professional relationship with WCM, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. Any firm with which the independent consultant is affiliated or of which it is a member, and any person engaged to assist the independent consultant in the performance of its duties pursuant to this AWC, shall not, without FINRA's prior written consent, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with WCM or any of WCM's present or former affiliates, directors, officers,

employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

2. Upon written request showing good cause, FINRA may extend any of the procedural dates set forth above.

Respondents agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payment is due and payable. Respondents have submitted Election of Payment forms showing the method by which they propose to pay the fines imposed.

Respondents specifically and voluntarily waive any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanctions imposed in this matter.

Worden 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.

Worden understands that if he is barred or suspended from associating with any FINRA member in a supervisory 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, Worden may not be associated with any FINRA member in any supervisory capacity, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311. Furthermore, because Worden is subject to a statutory disqualification during the suspension, if he remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

Restitution is ordered to be paid to the customers listed on Attachment A to this AWC in the total amount of $1,246,471.

A registered principal on behalf of WCM shall submit satisfactory proof of payment of restitution (separately specifying the date and amount paid to each customer listed on Attachment A) or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted by email to EnforcementNotice@FINRA.org from a work-related account of the registered principal of WCM. The email must identify WCM 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 of the notice of acceptance of the AWC.
If for any reason WCM cannot locate any customer identified in Attachment A after reasonable and documented efforts within 120 days after the date of the notice of acceptance of the AWC, or such additional period agreed to by FINRA in writing, WCM shall forward any undistributed restitution and interest to the appropriate escheat,

unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided. WCM shall provide satisfactory proof of such action to FINRA in the manner described above, within 14 calendar days of forwarding the undistributed restitution to the appropriate state authority.

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.

Restitution payments to customers shall be preceded or accompanied by a letter, not unacceptable to FINRA, describing the reason for the payment and the fact that the payment is being made pursuant to a settlement with FINRA and as a term of this AWC.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

A. To have a complaint issued specifying the allegations against them;

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, Respondents specifically and voluntarily waive 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.

Respondents further specifically and voluntarily waive 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

Respondents understand 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 Respondents; and

C. If accepted:

1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondents;

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. Respondents 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. Respondents 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 Respondents' testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. Respondents may attach corrective action statements to this AWC that are statements of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they may not deny the charges or make any statement that is inconsistent with the AWC in these statements. These statements do not constitute factual or legal findings by FINRA, nor do they reflect the views of FINRA.

The undersigned, on behalf of Worden Capital Management LLC, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that 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 Respondent to submit this AWC.

12/21/2020
Date

Worden Capital Management LLC
Respondent

Print Name: JAMIE WORDEN

Title: CEO

Worden 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.

12/21/2020
Date

Jamie J. Worden
Respondent

Reviewed by:

William M Dailey

William M. Dailey, Esq.
Counsel for Respondents
17 Hewlett Street
Rye, New York 10580

Accepted by FINRA:

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

December 31, 2020

Date

Jackie Wells
Senior Counsel
FINRA
Department of Enforcement
200 Liberty Street
New York, New York 10281

ELECTION OF PAYMENT FORM

Respondent Worden Capital Management LLC intends to pay the fine set forth in the attached Letter of Acceptance, Waiver, and Consent by the following method (check one):

☐ A check for the full amount;

(2. Remainder.) ☒ Wire transfer for the full amount;

(1. 1st $50,000.) ☒ Credit card authorization for the full amount;[5] or

☐ The installment payment plan (only if approved by the Department of Enforcement and the Office of Disciplinary Affairs).[6]

Respectfully submitted,

12/21/2020
Date

Worden Capital Management LLC
Respondent

Print Name: JAMIE WORDEN

Title: CEO

[5] Credit card payment is only available for fines of $50,000 or less. Only Mastercard, Visa, and American Express are accepted. If this method is chosen, the appropriate forms will be mailed to Respondent by FINRA's Finance Department. Credit card information should not be included on this Election of Payment Form.

[6] The installment payment plan is only available for fines of $5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. Respondent must discuss these requirements with the Department of Enforcement prior to requesting this method of payment. If this method is chosen and approved, the appropriate forms will be mailed to Respondent by FINRA's Finance Department.

ELECTION OF PAYMENT FORM

Respondent Jamie J. Worden intends to pay the fine set forth in the attached Letter of Acceptance, Waiver, and Consent by the following method (check one):

☐ A check for the full amount;

☐ Wire transfer for the full amount;

☒ Credit card authorization for the full amount;[7] or

☐ The installment payment plan (only if approved by the Department of Enforcement and the Office of Disciplinary Affairs).[8]

Respectfully submitted,

12/21/2020
Date

Jamie J. Worden
Respondent

[7] Credit card payment is only available for fines of $50,000 or less. Only Mastercard, Visa, and American Express are accepted. If this method is chosen, the appropriate forms will be mailed to Respondent by FINRA's Finance Department. Credit card information should not be included on this Election of Payment Form.

[8] The installment payment plan is only available for fines of $5,000 or more. Certain interest payments, minimum initial and monthly payments, and other requirements apply. Respondent must discuss these requirements with the Department of Enforcement prior to requesting this method of payment. If this method is chosen and approved, the appropriate forms will be mailed to Respondent by FINRA's Finance Department.

ATTACHMENT A

Customer	Restitution Amount
Customer A	$285,169
Customer B	$45,082
Customer C	$205,557
Customer D	$35,365
Customer E	$9,500
Customer F	$21,035
Customer G	$80,628
Customer H	$22,930
Customer I	$12,200
Customer J	$19,017
Customer K	$92,047
Customer L	$53,440
Customer M	$26,106
Customer N	$10,175
Customer O	$29,746
Customer P	$10,330
Customer Q1	$9,573
Customer Q2	$18,996
Customer R	$19,575
Customer S	$25,815
Customer T	$63,870
Customer U	$102,189
Customer V	$48,126
Total	**$1,246,471**