

January 9, 2020

Finra Fines Ex-Morgan Stanley Broker for Unapproved Private Investments

by [Vicky Ge Huang](https://advisorhub.com/team/vicky-ge-huang/) (<https://advisorhub.com/team/vicky-ge-huang/>) |

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The Financial Industry Regulatory Authority suspended and fined an ex-Morgan Stanley broker with over 50 years of experience for making unapproved personal investments in private securities during his tenure at the wirehouse.

James R. Willing, now an independent broker in Boston affiliated with Moors & Cabot, invested \$62,500 in two installments in a pooled investment fund limited partnership in 2015 and 2016 without receiving prior written notice and approval from his manager and compliance department, according to a letter of acceptance, consent and waiver that Finra published on Tuesday.

He did not file the firm's required private investment disclosure until February 2017.

Willing, who Morgan Stanley fired along with another senior member of his team (<https://advisorhub.com/morgan-stanley-fires-two-50-plus-year-brokers-boston/>) in January 2018 for failing to disclose the investments on time and for making a loan to another employee without approval, agreed to a 35-day suspension and a \$7,500 fine without admitting or denying Finra's findings. Neither he nor his lawyer, Steve Ganis, responded to requests for comment.

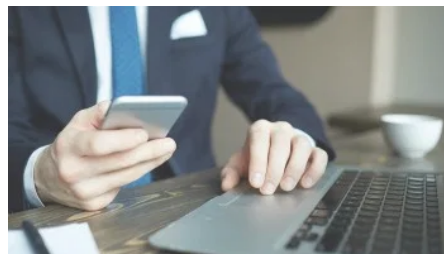
Willing had led a seven-person team at Morgan Stanley's Exchange Place branch during his seven years at the firm. John H. Buck III, who had worked with Willing since 1965, was barred by Finra in October, 2018, for refusing to cooperate with its investigation into his termination, according to Buck's BrokerCheck records.

Two other members of their team, James Polese and Cornelius "Cory" Peterson, admitted to fraud (<https://advisorhub.com/two-ex-morgan-stanley-brokers-boston-plead-guilty-fraud/>) in January 2018 for stealing \$500,000 from a client and making unauthorized investments in a wind farm business. Morgan Stanley had dismissed them the previous June. Polese in November was sentenced (<https://advisorhub.com/ex-morgan-stanley-broker-in-boston-sentenced-to-five-years-for-client-theft/>) to five years in prison, and Peterson was sentenced to 20 months.

The Massachusetts Securities Division in March 2019 reached a consent agreement with Willing requiring him to agree to heightened supervision for two years. Willing, who began his brokerage career in 1965 with Hornblower Weeks Hemphill Noyes, has a single customer complaint on his BrokerCheck record that was filed in 2002 and settled for under \$10,000.

Finra, which said Willing violated its Rule 3280 on private securities transactions and its broad Rule 2010 requiring high standards of commercial honor, has made outside business activities and investments an investigative priority (<https://advisorhub.com/watch-your-business-finra-enforcers-crack-down-on-outside-activities/>).

"The issue with the private securities transaction is that if the firm does not get written notice, it has no way of monitoring what brokers are doing," said Debra Jenks, a lawyer in West Palm Beach, Florida, who was not involved in the case. "It's a risk-based issue for firms."



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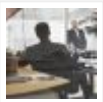


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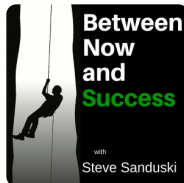
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