

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 2006003702101

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

RE: Hunter Scott Financial, LLC, Respondent
Member
[CRD No. 45559]

Peter A. Gouzos, Respondent
General Securities Principal
[CRD No. 1959666]

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REGISTRATION & DISCLOSURE

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Respondents 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 us alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. We 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

Hunter Scott Financial, LLC ("Hunter Scott") became a FINRA (f/k/a National Association of Securities Dealers or NASD) member in January 1999, and is headquartered in Delray Beach, Florida. Hunter Scott is currently a FINRA member and conducts a general securities business, clearing its transactions through another member firm.

Peter A. Gouzos ("Gouzos") became registered with FINRA as a Series 6 investment company products/variable contracts limited representative on or about June 20, 1989. Subsequently, Gouzos obtained Series 7, 24 and 63 licenses. From in or about January 2003 through the present, Gouzos has been associated with Hunter Scott. While associated with Hunter Scott, Gouzos has served as its President. Prior to his association with Hunter Scott, Gouzos was associated with several other FINRA member firms.

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PRIOR DISCIPLINARY HISTORY

Hunter Scott

In June 2006, pursuant to a Letter of Acceptance, Waiver and Consent (AWC), Hunter Scott was fined \$15,000, among other sanctions, for failing to properly implement and monitor the firm's Anti-Money Laundering ("AML") compliance program in violation of NASD Conduct Rules 3011 and 2110. (NASD Discip. Pro. No. 20050021859).

Gouzos

Pursuant to the AWC issued in June 2006 described above, Gouzos was censured and fined \$10,000 for failing to properly implement and monitor the firm's AML compliance program in violation of NASD Conduct Rules 3011 and 2110.

OVERVIEW

At various times from 2003 through 2007, Hunter Scott, acting through its President, failed to comply with FINRA's customer complaint reporting requirements, e-mail retention rules, continuing education rules, branch office inspection requirements and Regulation T.

FACTS AND VIOLATIVE CONDUCT

- At various time periods during 2003 through 2006, Hunter Scott, acting through Gouzos, failed to file or failed to file in a timely manner, with FINRA, statistical and summary information relating to 39 customer complaints received by the firm that were required to be reported under NASD Conduct Rule 3070. As a result of such conduct, Hunter Scott and Gouzos violated NASD Conduct Rules 2110 and 3070(c);
- At various times during 2003 through 2007, Hunter Scott, acting through Gouzos, failed to file or failed to timely file twenty-seven amendments to Forms U4 or Forms U5 disclosing the receipt of customer complaints or arbitrations. As a result of such conduct, Hunter Scott and Gouzos acted in contravention of Article V of FINRA's By-Laws and thus committed separate and distinct violations of NASD Conduct Rule 2110;
- Rule 17a-4 promulgated under the Securities Exchange Act of 1934 ("Exchange Act") requires that brokerage firms maintain and preserve, for a period of not less than three years, electronic communications relating to the firm's business as a broker-dealer. In *Notice to Members* 01-80 and 03-33, FINRA communicated to members their recordkeeping and supervisory obligations with respect to electronic communications, including e-mail and instant messaging.

During 2004 and 2005 (the "relevant period"), Hunter Scott, acting through Gouzos, failed to maintain and preserve all of its electronic communications as required by Exchange Act Rule 17a-4. During the relevant period, the firm stored e-mails within each person's individual hard drive, which permitted the users to delete or change e-mails. Further during the relevant period, the firm's written supervisory procedures mandated that all registered representatives use the firm's electronic server for all business-related electronic communications. The firm's system and procedures, however, were not reasonably designed to ensure compliance with that restriction. During the relevant period, some registered representatives of the firm did, in fact, send business-related e-mails through external electronic servers. Hunter Scott and Gouzos did not effectively enforce the firm's procedures regarding the prohibition on external e-mail accounts. By reason of the foregoing, Hunter Scott and Gouzos violated NASD Conduct Rules 3010(b) and 2110.

As a result of the supervisory deficiencies, Hunter Scott, acting through Gouzos, failed to maintain and preserve certain of its electronic communications as required by Exchange Act Rule 17a-4. As a result of such conduct, Hunter Scott and Gouzos violated Exchange Act Rule 17a-4 and NASD Conduct Rules 3110 and 2110;

- During 2004, Hunter Scott, acting through Gouzos, failed to implement a written training plan in order to achieve compliance with the Firm Element of the Continuing Education Requirements as set forth in NASD Membership and Registration Rule 1120(b). As a result of such conduct, Hunter Scott and Gouzos violated NASD Membership and Registration Rule 1120(b) and NASD Conduct Rule 2110;
- During 2004, Hunter Scott, acting through Gouzos, failed to conduct an annual internal inspection of the activities of its Ft. Lauderdale's Office of Supervisory Jurisdiction. As a result of such conduct, Hunter Scott and Gouzos violated NASD Conduct Rules 2110 and 3010(c); and
- At various times during 2004, 2005 and 2007, Hunter Scott, acting through Gouzos, permitted thirty-one customers to purchase securities in accounts which were supposed to be frozen pursuant to Section 220.8(c) of Regulation T, without having cash on deposit to pay for the purchases. As a result of such conduct, Hunter Scott and Gouzos violated Regulation T and NASD Conduct Rule 2110.

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

Respondents Hunter Scott and Gouzos are censured and fined, jointly and severally, \$125,000.

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

We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against us;
- B. To be notified of the Formal 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, we specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, 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 acceptance or rejection of this AWC.

We further specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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

We 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 NASD Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against us; and**
- C. If accepted:**
 - 1. This AWC will become part of our permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against us;**
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about our disciplinary record;**
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and**
 - 4. We 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. We 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 our right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.**
- D. We may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 or its staff.**

We certify that we have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that we have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set

forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce us to submit it.

Hunter Scott Financial, LLC
Respondent

11/1/07
Date

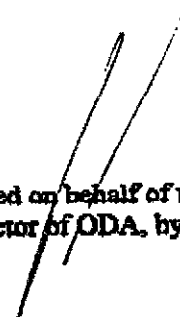
11/1/07
Date

By: 
Peter A. Guozos, President


Peter A. Guozos, Respondent

Accepted by FINRA:

11/16/07
Date


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

David B. Klafier
Deputy Regional Chief Counsel
FINRA Department of Enforcement
2500 N. Military Trail, Suite 302
Boca Raton, FL 33431
(561) 443-8110