

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003702701**

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REGISTRATION & DISCLOSURE

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

RE: James I. Black & Company
Member Firm
CRD No. 1249

Jess Gove Tucker III
General Securities Principal
CRD No. 450126

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, James I. Black & Company and Jess Gove Tucker III ("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 Respondents alleging violations based on the same factual findings described herein.

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

During all periods mentioned herein, James I. Black & Company was a registered broker dealer with the Securities and Exchange Commission and a member of the NASD, which registration and membership remain in effect. The firm currently employs approximately seven registered individuals.

Jess Gove Tucker III initially became registered with FINRA as a general securities representative in 1965. From 1965 through February 8, 2008,

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Tucker was associated with James I. Black & Company and from February 2005 through March 2007, he served as, among other things, the firm's Chief Compliance Officer. On February 8, 2008, Tucker's association with James I. Black & Company was terminated and since that time he has not been associated with any FINRA member firm.

The Respondents' relevant disciplinary history for the past five years consists of the following:

On May 9, 2008, FINRA accepted an AWC (Case No. 2006007424601) whereby the Respondents were fined \$125,000 jointly and severally, and Tucker was suspended as a principal for three months, for failing to adequately enforce FINRA's anti-money laundering compliance program, for failing to detect, investigate, and report suspicious activity, for failing to conduct, on an annual basis, an independent test of the firm's anti-money laundering compliance program, and for failing to conduct anti-money laundering training for the firm's employees, all in violation of NASD Conduct Rules 2110 and 3011, and MSRB Rule G - 41.

OVERVIEW

James I. Black & Company, acting through Jess Gove Tucker III (i) failed to retain instant messages; (ii) failed to comply with Regulation T; (iii) failed to disclose remuneration for certain transactions; (iv) failed to disclose information regarding margin interest charges; (v) failed to maintain margin agreements; (vi) failed to maintain complete new account forms; and (vii) failed to establish, maintain, and enforce a supervisory system including written procedures.

THE VIOLATIONS

1. During the period from March 2004 to October 2006, James I. Black & Company, acting through Jess Gove Tucker III, failed to retain the firm's instant messages.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-4 and NASD Conduct Rules 2110 and 3110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rules 2110 and 3110.

2. During the period from December 2005 through April 2006, James I. Black & Company, acting through Jess Gove Tucker III, violated Section 220.4 of Regulation T for the following reasons:

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- (a) Respondents failed to issue margin calls with regard to four security transactions where the amount of the margin deficiency ranged from approximately \$56,000 to approximately \$124,000; and
- (b) With regard to the above four security transactions, and five other security transactions, one of which involved a purchase of securities in the amount of \$690,000, Respondents failed to obtain payment by the Regulation T date, and also failed to obtain Regulation T extension requests.

Such acts, practices, and conduct constitute separate and distinct violations of Regulation T and NASD Conduct Rule 2110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rule 2110.

3. During the period from March 2006 through August 2006, James I. Black & Company, acting through Jess Gove Tucker III, violated Section 220.8 of Regulation T for the following reasons:

- (a) Respondents failed to obtain payment by the Regulation T date and failed to obtain a Regulation T extension request with regard to eighteen transactions in nine customer cash accounts;
- (b) Respondents failed to impose a ninety-day freeze period on four customer cash accounts and allowed each of these four customers to effect a purchase of securities.

Such acts, practices, and conduct constitute separate and distinct violations of Regulation T and NASD Conduct Rule 2110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rule 2110.

4. During the period from July 2006 through August 2006, James I. Black & Company, acting through Jess Gove Tucker III, failed to provide written notification to customers of the amount of any remuneration received or to be received by the firm in connection with twenty transactions involving shares of investment companies.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 10b-10 and NASD Conduct Rule 2110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rule 2110.

5. During the period from April 2006 through September 2006, James I. Black & Company, acting through Jess Gove Tucker III, failed to ensure that for each account to which credit had been extended, which was approximately 100 customer accounts, that such account received a written statement disclosing the dates on which the interest period began and ended, the annual rate or rates of

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interest charged, and the interest charge for each such different annual rate of interest.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 10b-16 and NASD Conduct Rule 2110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rule 2110.

6. During the period from May 2, 1997 to October 16, 2006, James I. Black & Company, acting through Jess Gove Tucker III, failed to ensure that seven customers, whose accounts held debit balances as a result of prior purchases of securities on margin, had a signed margin agreement on file with the firm.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-3(a)(9) and NASD Conduct Rules 2110 and 3110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rules 2110 and 3110.

7. During the period from 1986 to 2006, James I. Black & Company failed to ensure that thirty-one customer new account forms, out of forty reviewed, contained all or some of the following information: customer's age or date of birth, registered representative signature, principal signature, corporate resolution or authorization, customer's occupation and name of employer, whether the customer was an associated person of a FINRA member firm, and the customer's telephone number, annual income, net worth, and investment objectives.

Such acts, practices, and conduct constitute separate and distinct violations of SEC Rule 17a-3(a)(17) and NASD Conduct Rules 2110 and 3110 by Respondent James I. Black & Company. Respondent Jess Gove Tucker III violated NASD Conduct Rules 2110 and 3110.

8. During the periods mentioned above, James I. Black & Company, acting through Jess Gove Tucker III, failed to establish and maintain a supervisory system, including written procedures, reasonably designed to ensure compliance with the SEC and NASD Rules referenced above.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3010 by Respondents James I. Black & Company and Jess Gove Tucker III.

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

A censure against Respondent James I. Black & Company. A monetary fine of \$70,000 against Respondents James I. Black & Company and Jess Gove Tucker

III jointly and severally. Additionally, Respondent Jess Gove Tucker is suspended in any principal capacity for a period of three months.

Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. Respondents have submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents 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 them;
- 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, Respondents 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.

Respondents 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

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 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' 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. 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' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they may not deny the charges

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Jess Gove Tucker III

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.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that Respondents 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, have been made to induce Respondents to submit it.

Date 9/12/01

James I. Black & Company

By: _____

Name: Gerald L. Bink

Title: President

Date _____

Jess Gove Tucker III

Reviewed by:

16th July 1911

Charles L. Stufts
Counsel for Respondents
Holland & Knight, LLP
100 North Tampa St., Suite 4100
Tampa, FL 33602-3644

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2006003702701. James I. Black & Company and
Jess Gove Tucker III

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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, have been
made to induce Respondents to submit it.

James I. Black & Company

Date

By: _____

Name: _____

Title: _____

Sept 10, 2008
Date

Jess Gove Tucker III
Jess Gove Tucker III

Reviewed by: _____

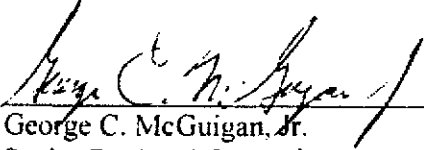
John Mann
Counsel for Respondent Tucker
500 South Florida Ave., Suite 300
Lakeland, FL 33801-5240

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2006003702701 James I. Black & Company and
Jess Gove Tucker III

Accepted by FINRA:

10/08/2008
Date

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


George C. McGuigan, Jr.
Senior Regional Counsel
FINRA Department of Enforcement
12801 North Central Expressway
Suite 1050
Dallas, Texas 75243
(972) 701-8554; Fax: (972) 716-7646

Holland Knight

Charles L. Stutts
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charles.stutts@hklaw.com

September 22, 2008

VIA FEDEX

George C. McGuigan, Jr., Esquire
Senior Regional Counsel
FINRA Department of Enforcement
12801 N. Central Expressway, Suite 1050
Dallas, TX 75243

Re: James I. Black & Co. (Matter No. 20060037027)

Dear Mr. McGuigan:

This Statement of Corrective Action is submitted by the Respondent, James I. Black & Co. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.

Background

James I. Black & Co. ("JIB") has been a responsible member of FINRA (f/k/a the National Association of Securities Dealers or NASD) for many years. Indeed, JIB has been the subject of only one other disciplinary action by FINRA, the SEC or any other federal or state regulatory agency or SRO for violation of an investment-related statute or regulation since becoming a FINRA member in 1964. This action pertained to deficiencies in the firm's anti-money laundering compliance program and was resolved on May 9, 2008 by means of a Letter of Acceptance Waiver and Consent (Case No. 2006007424601). To the best of its knowledge and ability, JIB cooperated with and provided assistance to FINRA in its examination of the matters that form the basis of the instant case, including producing all requested documents and responding to questions by FINRA regarding the firm's policies, procedures and customer accounts.

Statement of Corrective Action

JIB has taken multiple corrective actions to address the issues arising in FINRA's October 2006 examination and to ensure future compliance with applicable laws and regulations. Importantly, both the prior and instant AWC make clear that the alleged violations were due to the actions or omissions of Jess G. Tucker. From the founding of the firm in 1964 until the 2006 examinations that led to both AWCs, Mr. Tucker had an unblemished record of service as both a

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Miami • New York • Northern Virginia • Orlando • Portland • San Francisco
Tallahassee • Tampa • Washington, D.C. • West Palm Beach
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principal of the firm and as its Chief Compliance Officer. The 2006 examination findings, however, caused JIB to conclude that Mr. Tucker should no longer serve as the firm's Chief Compliance Officer. Consequently, on June 8, 2007, JIB removed Mr. Tucker and appointed Fred Cotsworth as its new Chief Compliance Officer.¹ Mr. Cotsworth is registered as a General Securities Principal and General Securities Representative. Mr. Cotsworth reports quarterly to Gerald L. Black, President of JIB, and annually to the firm's Board of Directors on his activities and recommendations.

JIB believes that the appointment of Mr. Cotsworth has enhanced the firm's awareness, oversight and adherence to applicable law and regulation, and will help ensure that the firm returns to its tradition of complete regulatory compliance.

In addition, JIB has taken the steps summarized below to correct specific violations identified in the AWC.

1. Instant Messaging System.

JIB began using Yahoo instant messaging in early 2006. On October 26, 2006, shortly after being advised by FINRA's examiners that the firm may have failed to retain business-related messages as required by SEC and FINRA rules, JIB adopted and implemented a new policy that instructed employees to retain the messages. The policy also required review of the messages sent or received through the IM system by JIB's then Chief Compliance Officer, Jess Tucker, or his designee, Mr. Cotsworth. In accordance with this policy, JIB's employees enabled a feature on the IM system that caused the messages to be saved locally on their computers.² In addition, Mr. Cotsworth commenced periodic reviews of all of the messages, with these reviews detailed in a log which he maintained.

In addition, on September 3rd, in order to ensure a more effective retention process, JIB purchased and installed the Effusia Business Messenger system on all of its employees' computers and disabled the Yahoo IM system. The Effusia system allows for instant messaging only between those JIB employees who receive authorization from the compliance officer. It also contains a centralized, automated archive feature.

As is demonstrated by the foregoing changes to the firm's policies, procedures and operations, JIB has not only come into compliance with the regulations applicable to instant messaging, but has also taken steps to ensure future compliance with the regulations.

¹ Mr. Tucker eventually resigned from JIB on February 8, 2008.

² Unfortunately, when JIB replaced computers for certain of its employees in 2007 and through August 2008, it failed to transfer the archived messages on the old computers to the new computers. Once the new computers were placed in operation, however, the employees again enabled the computers to retain the instant messages. JIB continues to retain all of these instant messages. The firm also continues to retain the instant messages from October 2006 for those employees who did not acquire new computers.

2. Regulation T - Margin Accounts.

Mr. Michael Tucker, Jess Tucker's son, served as operations manager and margin clerk at JIB during the majority of the time period covered by the October 2006 examination. Michael Tucker terminated his employment with the firm in May, 2006. Although neither the examination nor the subsequent communications from FINRA identifies the particular accounts in which the violations occurred, it is JIB's understanding that most or all occurred in the accounts of Michael or Jess Tucker. After Michael Tucker's departure, JIB's cashier began to each day provide a computer printout to the Chief Compliance Officer and the responsible salesperson that identified customer debit balances, and stated the margin action required for any accounts in noncompliance. This practice continues today.

In addition, Mr. Cotsworth, who assumed the role of operations manager for the firm upon Michael Tucker's departure, upgraded JIB's accounting and internal control systems so they automatically alert the cashier and salespersons of the need to file for Regulation T extensions.

3. Regulation T - Cash Accounts.

During the majority of the time period covered by the examination, Michael Tucker was also responsible for monitoring JIB's cash accounts for compliance with Regulation T. After Mr. Tucker's departure in May, 2006, in much the same manner as he did for JIB's margin accounts, the firm's cashier began circulating to the Chief Compliance Officer and responsible salespersons a listing of unpaid purchases in cash accounts.

Mr. Cotsworth, likewise, upgraded the firm's accounting and internal controls so that the cashier and salespersons are alerted automatically to the need to file for Regulation T extensions and, if payment is not received, to impose a 90-day freeze. In addition, the firm's systems now automatically direct the liquidation of securities in an account to pay any debit balances that exist the morning after the Regulation T date or any extension thereof. JIB also notes any restrictions on cash accounts in the customer's files and disseminates daily a report to salespersons identifying those accounts in which a freeze has been implemented to ensure that no activity takes place.

4. Rule 10b-10 - Confirmation of Transactions.

Following the examination, JIB immediately revised its confirmations for purchases of Class A mutual funds to disclose the sales charge percentage.

5. Rule 10b-16 - Disclosure of Credit Terms.

Following the examination, JIB immediately revised the monthly statements for all margin accounts to disclose the dates on which the interest period began and ended, the annual rate or rates of interest charged, the interest charge for each different rate, and the debit balance on which each interest charge calculation was based.

6. Rule 17a-3(a)(9) Maintenance of Signed Margin Agreement.

In March and August of 2006, JIB mailed notices and new margin agreements to all customers for whom the firm did not have signed margin agreements advising of the deficiency and instructing them to sign and return the agreements to the firm. JIB also provided postage-paid envelopes for the customers' convenience in returning the agreements. The firm thereafter tracked compliance with the request on both its automated account system and a customer spreadsheet. Consequently, by the time of the October 2006 examination, only a handful of JIB's customers had not yet provided signed margin agreements to the firm.

Since the date of the examination, JIB has obtained signed margin agreements for every customer with an active margin account. The firm continues to monitor compliance with the regulation for all new margin accounts.

7. Rule 17a-3(a)(17) – New Account Forms.

In response to the examination, JIB developed a customer information sheet to supplement the firm's new account form that prompts the responsible representative to obtain the required information prior to opening the account. The information sheet is signed by the representative and a principal and filed in the customer's account folder. The firm thereafter provides this information to customers every 3 years, in conjunction with its monthly activity statement, with instructions to mark any corrections to the information and return to the firm. JIB also instructs the customer to advise the firm of all future changes to the information. JIB thereafter records the date of such mailing in its annual compliance report to management.

The firm also reviewed all existing accounts after the examination to identify any deficiencies on the information requirements. JIB then mailed or telephoned requests to the customer for submission of the missing account information.

On June 8, 2007, JIB adopted a revised Anti-Money Laundering Compliance Program that, among other things, enhanced the firm's customer identification program ("CIP") with particular emphasis upon high-risk accounts. Under the CIP, if a potential customer refuses to provide the required information when requested, the firm will not open the new account. In addition, if an existing customer willfully refuses to provide complete information following a request, the firm will consider the information provided by the customer, assess the risks involved, and determine whether it is appropriate to permit continued activity in the account, suspend activity, or close the account. JIB may also notify the firm's AML Compliance Officer of the customer's refusal to provide the information so that he can determine whether it is appropriate to file a Suspicious Activity Report with FinCEN.

8. Written Supervisory Procedures.

JIB has reviewed its written supervisory procedures and revised them, as necessary, to address each of the deficiencies identified in the examination. The firm has also more effectively

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implemented the procedures in connection with its operations. Through Mr. Cotsworth's leadership as Chief Compliance Officer, JIB will periodically evaluate and update its written supervisory procedures so that the firm remains in compliance.

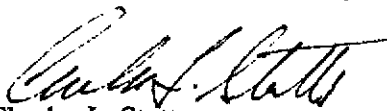
Conclusion

As shown by the foregoing, JIB has been a conscientious member of FINRA with an excellent compliance record for over 35 years. Once it learned of FINRA's concerns about potential violations of certain sales practice regulations, JIB not only fully cooperated during FINRA's examination of the conduct at issue, but it also took a number of corrective actions designed to prevent additional violations and ensure future compliance. These actions included the adoption of revised written supervisory procedures and the appointment of a new Chief Compliance Officer.

JIB appreciates FINRA's consideration of this Statement of Corrective Action and will be pleased to respond to any questions that it may have regarding these matters.

Sincerely yours,

HOLLAND & KNIGHT LLP


Charles L. Stutts

cc: James I. Black & Company