

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006004122401**

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REGISTRATION & DISCLOSURE

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

RE: Robert D. Mudry, Respondent
CRD No. 1200820

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Robert D. Mudry, 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. I 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:

1. BACKGROUND

Robert D. Mudry ("Mudry"), age 54, first became registered with FINRA (f/k/a National Association of Securities Dealers or NASD) in 1983. He was registered as a General Securities Representative (Series 7) and a General Securities Principal (Series 24). Mudry was associated with one particular member firm ("the Member Firm") from November 2005 to January 2007. He is not currently employed by any FINRA member firm.

2. RELEVANT PRIOR DISCIPLINARY HISTORY

Mudry was barred by Maine's Securities Division in 2000 in connection with misrepresentations to an investor and unlicensed sales activity. Mudry was barred by the New York Stock Exchange (NYSE) in 2001 for failing to produce documents and information. The New Jersey Bureau of Securities revoked his license in 2004 and required him to pay a fine and restitution.

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3. OVERVIEW

Between November 2005 and January 2007, Mudry was associated with the Member Firm. At the Member Firm, he engaged in activities that required him to be registered, despite the fact that he was not registered, in violation of NASD Rules 1031 and 2110. Mudry associated with the Member Firm at a time when he was subject to statutory disqualification, in violation of Article III, Section 3(b) of NASD's By-Laws and Rule 2110. The Member Firm prepared, Mudry signed, and the Member Firm filed an inaccurate Form U4, thereby violating NASD Rule 2110 and IM-1000-1. Finally, Mudry failed to appear and provide on-the-record testimony ("OTR"), in violation of NASD Rule 8210 and Rule 2110.

4. FACTS AND VIOLATIVE CONDUCT

A. Mudry Associated with the Member Firm While Subject to Statutory Disqualification.

As described above, the NYSE barred Mudry for failing to appear for testimony and failing to produce documents and information. Because of his disciplinary history, Mudry was subject to statutory disqualification and was not permitted to associate with a FINRA member firm without seeking and obtaining special approval through FINRA's Form MC-400 application process.

On or about November 1, 2005, Mudry became an employee of the Member Firm. He began collecting monthly draw payments, as well as reimbursement for his travel and expenses. Mudry immediately began to actively participate in the firm's securities business, making him an associated person of the Member Firm.

The Member Firm did not file a Form U4 application to register Mudry until May 18, 2006. The Member Firm and Mudry began the Form MC-400 application process, but Mudry did not take and pass the Series 7 exam until September 15, 2006. On September 19, 2006, FINRA sent a letter to the Member Firm officially confirming that Mudry was subject to a statutory disqualification as a result of his NYSE bar. The letter explained that Mudry could not associate without first securing the approval of FINRA.

Mudry continued working as an associated person at the Member Firm, and the firm continued to reimburse him for his travel, expenses and health insurance. On January 26, 2007, the Member Firm filed a Form U5 disclosing that Mudry had voluntarily terminated his employment at the Member Firm on January 12, 2007.

Accordingly, from November 2005 to January 2007, by associating with the Member Firm while he was subject to statutory disqualification, Mudry violated Article III, Section 3(b) of NASD's By-Laws and NASD Rule 2110.

B. Mudry Engaged in Securities Business Activities Requiring Registration at a Time When He Was Not Registered.

While Mudry was associated with the Member Firm from November 2005 to January 2007, he a) marketed hedge funds to potential investors; b) located execution business for the Member Firm's equity trading desk; and c) induced hedge fund managers to open soft dollar brokerage accounts at the Member Firm. Mudry worked in the Member Firm's offices and used the firm's computers, telephones, and other office equipment. He communicated with investors and hedge fund managers using an e-mail address provided by the firm. Mudry identified himself to investors and hedge fund managers as a "Managing Partner" or "Managing Director" of the Member Firm. Mudry generated business for the Member Firm and he received compensation and expense reimbursements. Mudry needed to be registered to engage in these types of activities.

Mudry was not registered with FINRA at any time while he worked for the Member Firm. By engaging in these types of activities at a time when he was not registered, Mudry violated NASD Rule 1031 and NASD Rule 2110.

C. The Member Firm Prepared, Mudry Signed, and the Member Firm Filed a Form U4 that Was Inaccurate and Misleading.

Mudry signed a Form U4 Application for Registration that was filed with FINRA by the Member Firm on May 18, 2006 ("the May 18th Form U4"). The May 18th Form U4's "Employment History" section misleadingly stated that Mudry was "unemployed" from November 2005 to the present, and listed an "Employment Date" and "Start Date" of May 18, 2006. In fact, Mudry had been employed by the Member Firm from his start date of November 1, 2005 to the date of the filing.

Mudry violated NASD Rule 2110 and IM-1000-1 when he signed the May 18th Form U4 which contained information that was inaccurate and misleading.

D. Mudry Did Not Provide Testimony As Requested by FINRA Staff.

While investigating Mudry's Member Firm activities described above, the staff of FINRA Enforcement sent Mudry a letter on July 24, 2007 scheduling him to appear for testimony on August 15, 2007. The letter, which was sent pursuant to NASD Procedural Rule 8210, indicated that a failure to appear and answer questions would expose Mudry to FINRA sanctions, including a permanent bar from the securities industry. Mudry received the letter, which was sent via overnight delivery. Mudry did not appear or provide testimony on August 15, 2007. At Mudry's request, the staff rescheduled the testimony for additional dates in August, November and December, but Mudry ultimately did not provide the testimony requested by FINRA staff.

By failing to provide testimony as requested, Mudry violated Rule 8210 and Rule 2110.

SANCTIONS

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

A bar from association with any member firm in any capacity.

I understand that if I am barred or suspended from association with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I 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, NASD Rule 8310 and IM-8310-1.)

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I 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 me;
- 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, I 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.

I 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

I 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 me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. I 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I 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 me to submit it.

September 24, 2008

Date

Robert D. Mudry
Robert D. Mudry
Respondent

Accepted by FINRA:

10/23/08

Date

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

James E. Day
James E. Day
Associate Vice President and Chief Counsel