

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

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REGISTRATION & DISCLOSURE

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

HOLLY A. GUNNETTE
(CRD NO. 3066284),

Respondent.

DISCIPLINARY PROCEEDING
No. 2006004943101

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From December 1999 through May 2002, Respondent Holly A. Gunnette took more than \$925,000 from investment accounts owned by elderly customer SZ and converted the funds to her personal use, in violation of NASD Conduct Rules 2110 and 2330(a). In an effort to conceal the theft, Gunnette caused her personal residence address to be the address of record for SZ's accounts so that she would receive statements that showed the withdrawal of funds. In this manner, Gunnette caused the falsification of records, in violation of NASD Conduct Rule 2110.

RESPONDENT AND JURISDICTION

2. From May 26, 1998 through April 6, 2006, Gunnette was associated with H.D. Vest Investment Services (HDV), a member of FINRA (f/k/a National Association of Securities Dealers or NASD) as a General Securities Representative and an Investment Company Products/Variable Contracts Limited Representative. Gunnette is not presently associated with a

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FINRA member firm. Pursuant to Article V, Section 4 of FINRA's By-Laws, Gunnette is subject to FINRA's jurisdiction for purposes of this Complaint.

GENERAL ALLEGATIONS

3. The Department realleges and incorporates by reference paragraphs 1 and 2 above.

4. Since 1978, Gunnette has operated a tax and financial consulting business in Riverside County, California. Gunnette's business includes bookkeeping, tax preparation in her capacity as an Enrolled Agent of the Internal Revenue Service, and investment consulting.

5. Customer SZ, born in [REDACTED], is a widower with no children. SZ's wife died in 1997.

6. In or about 1987, SZ hired Gunnette to prepare his tax returns. After Gunnette became registered with HDV in 1998, SZ opened brokerage accounts with HDV, for which Gunnette served as the registered representative.

7. After SZ's wife died, Gunnette ingratiated herself with him through frequent phone calls and invitations to office parties for which she provided transportation. Gunnette learned all details of SZ's financial situation.

FIRST CAUSE OF ACTION

[Conversion of Customer Funds - NASD Conduct Rules 2330(a) and 2110]

8. The Department realleges and incorporates by reference paragraphs 1 through 7 above.

9. In November 1999, Gunnette caused her personal residence to be reflected as the address of record for certain of SZ's HDV investment accounts. In June 2001, Gunnette

established an account for SZ with Putnam Investments and used her personal residence address as the address of record for the Putnam account.

10. From about December 1999 through May 2002, Gunnette received eight checks drawn on SZ's accounts with either HDV or Putnam. The dates and amounts of the checks, which total approximately \$925,513.28, are set forth in Schedule A attached hereto and incorporated herein. Gunnette deposited the checks into bank accounts that she owned or controlled. Gunnette used the proceeds of the deposited checks for her own benefit and not for the interest or benefit of SZ.

11. To date, Gunnette has not returned any of the funds represented by the eight checks to SZ.

12. Gunnette thereby converted approximately \$925,513.28 of SZ's funds to her own use and benefit. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2330(a) and 2110 by Gunnette.

SECOND CAUSE OF ACTION

[Unethical Conduct - NASD Conduct Rule 2110]

13. The Department realleges and incorporates by reference paragraphs 1 through 11 above.

14. By engaging in the conduct alleged above in paragraphs 1 through 11, Gunnette failed to observe high standards of commercial honor and just and equitable principles of trade. Such conduct constitutes separate and distinct violations of NASD Rule 2110 by Gunnette.

THIRD CAUSE OF ACTION

[Falsification of Records - NASD Conduct Rule 2110]

15. The Department realleges and incorporates by reference paragraphs 1 through 14 above.

16. From November 1999 through December 2000, Gunnette caused the records of her employer firm to be falsified by changing SZ's address of record with HDV to her personal residence address for certain of SZ's HDV investment accounts.

17. In addition, in June 2001, Gunnette caused the records of Putnam Investments to be falsified by designating her address as SZ's address of record on the Putnam account that she opened for SZ.

18. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Gunnette.

RELIEF REQUESTED

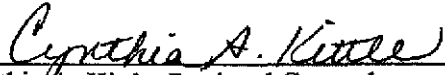
WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a) be imposed, including that the Respondent be required to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest.

B. order that the Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: March 31, 2008


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SCHEDULE A
Department of Enforcement v. Holly A. Gunnette
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Schedule of Customer SZ's Checks Deposited to Accounts Owned or Controlled by Gunnette

	Date	Check #	Amount
1.	12/02/1999		\$30,000.00
2.	02/16/2000		221,801.74
3.	11/16/2000		67,500.00
4.	12/12/2000		255,000.00
5.	07/17/2001		67,500.00
6.	10/08/2001		157,000.00
7.	04/06/2002		120,000.00
8.	05/24/2002		6,711.54
			\$925,513.28