

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

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

HOLLY A. GUNNETTE
(CRD NO. 3066284),

Respondent.

Disciplinary Proceeding

No. 2006004943101

Hearing Officer - MC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: April 28, 2011

INTRODUCTION

Disciplinary Proceeding No. 2006004943101 was filed on March 31, 2008, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Gunnette submitted an Offer of Settlement (Offer) to Complainant dated April 25, 2011. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations as set forth herein, and to the imposition of the sanctions set forth below,

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and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

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 presently is not associated with a FINRA member firm.

As noted above, the Complaint in this matter was filed and served on or about March 31, 2008, less than two years from the date that Gunnette no longer was associated with a FINRA member. On May 16, 2008, Gunnette filed an Answer. On July 23, 2008, an Order issued granting the parties' Joint Motion For Interim Stay. On November 10, 2010, an Order issued lifting the Stay. Pursuant to Article V, Section 4 of FINRA's By-Laws, Gunnette is subject to FINRA's jurisdiction for purposes of this Complaint.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

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). 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

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 presently is not associated with a FINRA member firm.

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GENERAL ALLEGATIONS

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.

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

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.

After SZ's wife died, Gunnette engaged in frequent phone calls to SZ and invitations to office parties for which she provided transportation.

FIRST CAUSE OF ACTION

Conversion of Customer Funds

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.

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.

By reason of the foregoing conduct, Respondent violated NASD Conduct Rules 2330(a) and 2110.

SECOND CAUSE OF ACTION

Unethical Conduct

By engaging in the conduct alleged above, Gunnette failed to observe high standards of commercial honor and just and equitable principles of trade. By reason of the foregoing conduct, Respondent violated NASD Rule 2110.

THIRD CAUSE OF ACTION

Falsification of Records

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. 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. By reason of the foregoing conduct, Respondent violated NASD Rule 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

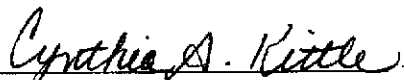
It is ordered that Respondent be barred from association with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


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SCHEDULE A

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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