

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

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REGISTRATION & DISCLOSURE

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DEPARTMENT OF ENFORCEMENT,

Complainant

vs.

John Carl Wils,
Registered Representative
(CRD No.) 2786354

Respondent

**Disciplinary Proceeding
No. 2006005281301**

Hearing Officer

COMPLAINT

Upon information and belief, Complainant alleges as follows:

SUMMARY

1. From approximately October 1, 2004 to November 2, 2005, John Carl Wils ("Wils" or "Respondent") obtained in excess of \$13,000 from more than 15 customers for investments and insurance coverage payments in the form of checks that he endorsed and deposited in his personal bank account, for his benefit and not for the benefit of the customers.

FINRA JURISDICTION OVER RESPONDENT

2. Wils became registered as an Investment Company/Variable Contracts Representative (Series 6) in December 1998 and was employed in that capacity by Country Capital Management Company ("Member"), a member of FINRA, from November 19, 2001 until December 7, 2005, when he was terminated. On September 13, 2006, the Member filed an amendment to Wils' Form U-5 to report a customer complaint of forgery and conversion of customer funds. He is not currently registered with a FINRA Member. This Complaint is filed

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against Wils within two years of his termination and within two years of the amendment to Wils' Form U5. Therefore, Wils is subject to the jurisdiction of FINRA, pursuant to Article 5, Section 4 of FINRA's By-Laws.

FIRST CAUSE FOR COMPLAINT
Improper Use of Funds
NASD Conduct Rule 2110 and 2330

3. From approximately October 1, 2004 to November 2, 2005, Wils obtained in excess of \$13,000 in the form of checks from more than 15 customers and intended for investments and insurance coverage payments. Wils endorsed and deposited these checks into his personal bank account for his benefit and not for the benefit of the customers.

4. On or about September 27, 2004, Wils submitted a written request to the Member's insurance affiliate with the forged signature of his customer, JS, for the change of her address from her residence to a post office box that was opened in Wils' name.

5. On or about October 1, 2004, a \$5,000 check was issued by the Member's insurance affiliate that was payable to JS as a loan on her insurance policy and sent to the post office box that was held in Wils' name.

6. The \$5,000 check that was payable to JS was endorsed with JS's and Wils' names and deposited into an account in Wils' name at Blackhawk State Bank, without the knowledge and consent of JS. The funds were not used for the benefit of JS.

7. On or about March 22, 2005, Wils' customers JK and DV, who were business partners, gave Wils two \$1,000 checks, for a total of \$2,000, drawn on a corporate checking account to pay the premiums on their respective life insurance policies not offered by the Member.

8. Both checks were endorsed with Wils' name and deposited into an account in Wils' name at Blackhawk State Bank, without the knowledge and consent of JK and DV. The funds were not used as directed by JK and DV.

9. On or about May 18, 2005, Wils' customer GB gave Wils a check in the amount of \$3,822 payable to Trafalgar Marine Insurance for insurance on GB's yacht, which payment was not made.

10. Wils' name was added as a payee on GB's check that was payable to Trafalgar Marine Insurance. The check was endorsed with Wils' name and deposited into an account in Wils' name at Blackhawk State Bank, without the knowledge and consent of GB. The funds were not used for the benefit of GB.

11. On or about September 30, 2005, employees of WCJI sent a check to Wils in the amount of \$2,307, payable to the Member, which represented IRA contributions of 11 employees.

12. On November 2, 2005, a check for \$2,307 from WCJI was endorsed with Wils' name and deposited into an account in Wils' name at Blackhawk State Bank, without the knowledge and consent of the customers. The funds were not used for the customers' benefit.

13. The acts, practices and conduct described above constitute separate and distinct violations of NASD Conduct Rules 2110 and 2330 by Wils.

SECOND CAUSE FOR COMPLAINT
Failure to Respond to Requests for Information
and Failure to Appear to Testify
NASD Conduct Rules 8210 and 2110

14. Paragraphs 1 through 13 above are re-alleged and incorporated herein by reference.

15. Pursuant to NASD Procedural Rule 8210, FINRA sent Wils written requests for information and documentation relating to, among other things, his involvement in the use of funds obtained through endorsements of his name on five customer checks and the deposit of those checks into an account in his name at Blackhawk State Bank as described in Paragraphs 3 through 12.

16. On or about August 6, 2006, FINRA staff sent Wils a request that he provide documents and information pursuant to and in accordance with the provisions of NASD Procedural rule 8210. That request for information was sent by first class mail and by certified mail, return receipt requested, to Wils' address of record as contained in the records of the Central Registration Depository ("CRD address"). The first class and certified mailings were not returned to FINRA staff.

17. On or about August 22, 2006, FINRA staff sent Wils the same request that he provide documents and information, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. That request for information was sent by first class mail and by certified mail, return receipt requested, to Wils' CRD address of record. The first class mailing was not returned to FINRA staff. The certified delivery receipt was returned, signed, signed by "J. Wils."

18. On or about October 3, 2006, FINRA staff sent Wils a request that he appear for an OTR and provide documents and information at FINRA's Chicago District Office on October 26, 2006, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210. That request was sent by first class mail and by certified mail, return receipt requested, to Wils' CRD address. The first class mailing was not returned to FINRA staff. The receipt for the certified mailing to Respondent was returned, signed by "Rena A. Wils".

19. On or about October 23, 2006, FINRA staff responded to Wils telephone request to re-schedule his OTR. FINRA staff notified Wils that he must respond by October 30, 2006 regarding his request to re-schedule his OTR. FINRA's notification was sent by first class mail and by certified mail, return receipt requested to Wils' CRD address. The first class mailing was not returned to FINRA staff. The certified delivery receipt was returned, signed by "J. Wils".

20. Wils failed to respond to the written requests for documents and information described in Paragraphs 14 through 19, and the time in which to respond has expired.

21. Wils failed to appear for his OTR and failed to contact FINRA regarding the scheduling of his OTR.

22. The acts, practices and conduct described above constitute separate and distinct violations of NASD Conduct Rule 2110 and Procedure Rule 8210 by Wils.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests that the Panel:

- A. Findings of fact and conclusions of law that Wils committed the violations charged and alleged herein;
- B. An order imposing one or more sanctions upon Wils provided under NASD Procedural Rule 8310(a), including monetary sanctions;

- C. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Procedural Rule 8330; and
- D. An order imposing any other fitting sanction.

FINRA DEPARTMENT OF ENFORCEMENT

Date: July 15, 2008



Pamela Shu, Senior Regional Counsel
Mark A. Koerner, Associate Vice President
Regional Chief Counsel
FINRA Department of Enforcement
55 W. Monroe Street, Suite 2700
Chicago, IL 60603-5052
(312) 899-4353; Fax No. (312) 899-4600
e-mail: Pamela.Shu@finra.org