

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO 2006006255601**

**ORIGINAL
RECEIVED
2007 DEC 24 A 8 19
REGISTRATION & DISCLOSURE**

To: Department of Enforcement
FINRA

Re: Robert D. Hovermale
Registered Representative
CRD # 4385521

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, Robert D. Hovermale ("Hovermale" or "Respondent") submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Robert D. Hovermale became registered as a General Securities Representative (Series 7) on June 23, 2001 and was registered in that capacity with Edward Jones ("Member"), a member of FINRA (f/k/a NASD) from September 12, 2003 until May 3, 2006, when he was terminated. Hovermale is not currently associated with a FINRA Member and has no prior disciplinary history with FINRA.

OVERVIEW

While Hovermale was registered with the Member, on or about March 9, 2006, Hovermale used falsified documents to direct the sale of securities in the account of a customer, a Presbyterian church, and wire transfer the proceeds to Hovermale's personal bank account. When Hovermale was confronted with the discovery of his conversion of funds on or about September 14, 2006, he returned the funds to the church.

000088358 2007

In connection with FINRA's investigation into Hovermale's conduct, FINRA notified Hovermale to appear to give testimony, however, he stated that he would not appear.

FACTS AND VIOLATIVE CONDUCT BY RESPONDENT

1. Beginning on or about March 9, 2006, Hovermale used information and materials that he gained while employed by the Member to engage in a course of conduct to misuse funds belonging to a church. The funds were held in an account at a different broker-dealer.
2. Hovermale contacted the other broker-dealer on or about March 9, 2006, in order to learn the necessary steps to sell shares of stock held in the church's account and transfer the proceeds to a different account.
3. On or about March 9, 2006, Hovermale submitted by facsimile to the other broker-dealer a false document that purported to evidence a corporate resolution giving the church's pastor, for whom Hovermale had a signature specimen, the authority to control the account, without the knowledge and consent of the church or its authorized representatives.
4. On March 10, 2006, Hovermale submitted by facsimile to the other broker-dealer another false document. This document bore a copy of the church pastor's signature that was not authorized by the church pastor, and it directed the other broker-dealer to liquidate all Income Stock Fund shares held in the church's account at the other broker-dealer and transfer the proceeds totaling \$3,559 to a checking account held at the broker-dealer's affiliated federal savings bank.
5. In fact, the checking account where the funds were transferred was controlled by Hovermale. These funds were thereafter used by Hovermale for his benefit and not for the benefit of the church.
6. The transactions Hovermale engaged in with the other broker-dealer were done without the authorization or knowledge of the church or any of its representatives.
7. After FINRA requested information from Hovermale about his actions in connection with the sale of securities in the church's account, and the transfer of the proceeds to Hovermale's personal checking account, Hovermale returned \$3,559 to the church on September 14, 2006, approximately six months after he first misappropriated the funds.
8. Hovermale's misuse of funds as described in Paragraphs 1 through 7 constitutes separate and distinct violations of NASD Conduct Rules 2110 and 2330(a).
9. In connection with the investigation into Hovermale's conduct, FINRA sent written notice to Hovermale to appear to give testimony about his involvement in the misuse of customer funds and to produce information and documentation related to his

checking account, for which Hovermale signed a receipt acknowledging delivery of FINRA's letter. Specifically, on February 6, 2007, FINRA notified Hovermale in writing to appear at FINRA's office to give testimony on February 28, 2007 and to provide documentation of transactions in his checking account for the period of time during which the misuse of the customer's funds occurred.

10. On February 20, 2007, Hovermale informed FINRA that he would not appear on February 28, 2007, or any other date, to give testimony. Furthermore, Hovermale failed to provide the requested documentation of his checking account transactions for the period in question.
 11. Hovermale's conduct as described in Paragraphs 9 and 10 above constitute separate and distinct violations of NASD Conduct Rules 2110 and 8210.
- B. Hovermale also consents to the imposition, at a maximum, of a bar from association in any capacity with any member of FINRA

The sanctions 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.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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.)

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Respondent;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

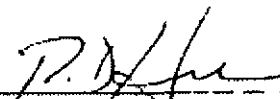
Respondent understands that:

- A. Respondent understands that if he is barred or suspended from associating with any FINRA member, Respondent becomes 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, Respondent 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.)
- B. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA") pursuant to NASD Rule 9216;
- C. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- D. If accepted:
 - 1. This AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent may not take any action or make or permit to be made any public statement including in regulatory findings or otherwise, denying, directly or indirectly, any allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Respondent's testimonial obligations or right to take legal or factual positions in litigation in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce Respondent to submit it.

12/19/2007
Date


Robert D. Hovermale

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

December 21, 2007
Date

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


Pamela Shu
Regional Counsel
FINRA Department of Enforcement
55 W. Monroe, 27th Floor
Chicago, IL 60603
Tel: (312) 899-4353
Fax: (312) 899-4600
E-mail: Pamela.Shu@finra.org