

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007663902**

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REGISTRATION & DISCLOSURE

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

RE: Bobby Glenn James
Former General Securities Representative
CRD No. 1311728

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Bobby Glenn James, 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:

BACKGROUND

Bobby Glenn James ("James") entered the securities industry in March 1986 as a General Securities Representative with Wirth Equities Corporation, a member of FINRA (f/k/a National Association of Securities Dealers or NASD). During the period at issue, James was registered as a General Securities Representative, first with FINRA member SWS Financial Services, Inc., from November 29, 2002 through April 28, 2005, subsequently with FINRA member First Financial Equity Corporation, from April 29, 2005 through June 1, 2006, and finally with FINRA member VSR Financial Services, Inc., from May 30, 2006 through January 8, 2007.

James is not currently associated with a member firm; however, he remains subject to the jurisdiction of FINRA pursuant to Article V, Section 4 of FINRA's By-Laws.

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RELEVANT PRIOR DISCIPLINARY HISTORY

On February 23, 2007, FINRA accepted a Letter of Acceptance, Waiver & Consent in which James consented to a \$10,000 fine and a ten-day suspension in all capacities for exercising discretion in a customer's variable annuity subaccount without first obtaining written authority from the customer, in violation of NASD Conduct Rules 2510(B) and 2110.

OVERVIEW

From April 2005 through July 2006, James participated in private securities transactions involving sales of limited partnership interests totaling more than \$5,000,000, without providing written notice to, or obtaining written approval from, his employer member firms, in violation of NASD Conduct Rules 3040 and 2110.

FACTS AND VIOLATIVE CONDUCT

- (i) On April 5, 2005, James formed Phoenix Ventures Management No. II, L.P. (hereinafter "PVM II"), a Texas limited partnership, for the purpose of financing, through the sale of PVM II units, a \$500,000 loan by PVM II to an unaffiliated business entity as financing for a residential real-estate development venture. James, through a corporate entity that he controlled, served as general partner of PVM II. Following his formation of PVM II, James offered and sold \$450,000 of PVM II units to five public investors. James's sale of PVM II units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice to, or obtain written approval from, his employer member firm prior to forming PVM II or engaging in the offer and sale of PVM II units.
- (ii) On November 4, 2005, James formed Phoenix Ventures Management No. III, L.P. (hereinafter "PVM III"), a Texas limited partnership, for the purpose of financing, through the sale of PVM III units, the purchase by PVM III of a 25% limited partnership interest in an unaffiliated business entity that was engaged in the business of providing water-injection well services. James, through a corporate entity that he controlled, served as general partner of PVM III. Following his formation of PVM III, James offered and sold \$600,000 of PVM III units to six public investors. James's sale of PVM III units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice to, or obtain written approval from, his employer member firm prior to forming PVM III or engaging in the offer and sale of PVM III units.
- (iii) On November 28, 2005, James formed Phoenix Ventures Management No. IV, L.P. (hereinafter "PVM IV"), a Texas limited partnership, for the purpose of

financing, through the sale of PVM IV units, the purchase by PVM IV of a 19% membership interest in an unaffiliated business entity that was engaged in the business of real-estate development. James, through a corporate entity that he controlled, served as general partner of PVM IV. Following his formation of PVM IV, James offered and sold \$550,000 of PVM IV units to three public investors. James's sale of PVM IV units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice to, or obtain written approval from, his employer member firm prior to forming PVM IV or engaging in the offer and sale of PVM IV units.

- (iv) On April 28, 2006, James formed Phoenix Ventures Management No. V, L.P. (hereinafter "PVM V"), a Texas limited partnership, for the purpose of financing, through the sale of PVM V units, a loan of up to \$2,600,000 by PVM V to an unaffiliated business entity as financing for a commercial real-estate development venture. James, through a corporate entity that he controlled, served as general partner of PVM V. Following his formation of PVM V, James, through direct solicitation and/or acceptance of unit subscription applications, participated in PVM V unit sales totaling \$2,398,000 to eight public investors. James's participation in sales of PVM V units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice to, or obtain written approval from, his employer member firm prior to forming PVM V or participating in sales of PVM V units.
- (v) On May 26, 2006, James formed Phoenix Ventures Management No. VI, L.P. (hereinafter "PVM VI"), a Texas limited partnership, for the purpose of financing, through the sale of PVM VI units, the purchase by PVM IV of 250,000 shares of common stock of an unaffiliated business entity in a private placement offering. James, through a corporate entity that he controlled, served as general partner of PVM VI. Following his formation of PVM VI, James offered and sold \$225,000 of PVM VI units to fourteen public investors. James's sale of PVM VI units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice to, or obtain written approval from, his employer member firm prior to forming PVM VI or engaging in the offer and sale of PVM VI units.
- (vi) On July 11, 2006, James formed Phoenix Ventures Management No. VII, L.P. (hereinafter "PVM VII"), a Texas limited partnership, for the purpose of financing, through the sale of PVM VII units, the purchase by PVM VII of 5,650 shares of common stock of an unaffiliated business entity in a private placement offering. James, through a corporate entity that he controlled, served as general partner of PVM VII. Following his formation of PVM VII, James offered and sold \$1,000,000 of PVM VII units to seventeen public investors. James's sale of PVM VII units was outside the regular course and scope of his employment relationship with his employer member firm, and he did not provide written notice

to, or obtain written approval from, his employer member firm prior to forming PVM VII or engaging in the offer and sale of PVM VII units.

The above-described acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3040 and 2110 by Respondent James.

OTHER FACTORS

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

A monetary fine in the amount of \$20,000 to be assessed against James and a six-month suspension of James from association with any FINRA member in any capacity.

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

I understand that if I am barred or suspended from associating 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 sanctions imposed herein shall be effective on a date set by FINRA staff.

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

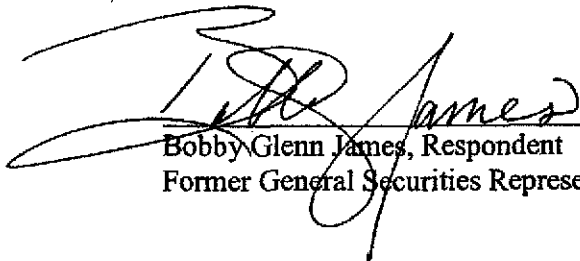
I understand that:

- 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.

10-3-08
Date


Bobby Glenn James, Respondent
Former General Securities Representative

Reviewed by:

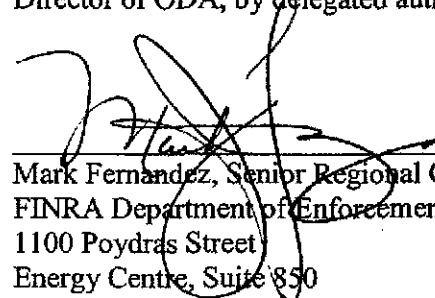

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Counsel for Respondent

Accepted by FINRA:

November 14, 2008
Date

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



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