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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NOs. 2007008242802**

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

RE: Andrew Moleff, Respondent
CRD No. 3042378

Pursuant to Rule 9216 of FINRA Code of Procedure, Respondent, Andrew Moleff (Moleff) 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 Moleff alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Moleff 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

Moleff entered the securities industry in or about 1998 as an associated person of a member of FINRA, where he was registered as an Investment Company and Variable Contracts Products Representative. Moleff was associated with World Group Securities, Inc. (WGS) from on or about April 12, 2002 through on or about October 25, 2006, where he was registered as both an Investment Company and Variable Contracts Products Principal and an Investment Company and Variable Contracts Products Representative. Moleff is not currently associated with a member of FINRA. In April 2007, Moleff entered into a Stipulation and Consent Order with the Utah Division of Securities for conducting seminars during which he made material misstatements and/or omissions. Under the terms of the Stipulation and Consent Order, Moleff was barred from associating with any broker-dealer or investment advisor licensed in the State of Utah and was fined \$25,000.00. Provided that Moleff complies with the terms of the Stipulation

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and Consent Order, \$20,000.00 of the fine will be waived. Moleff has no other relevant disciplinary history with the Securities and Exchange Commission, FINRA, other self-regulatory organizations, or state regulators.

FACTS AND VIOLATIVE CONDUCT

1. Communications with the Public

a. NASD Conduct 2210(d)(1)(B) provides:

No member may make any false, exaggerated, unwarranted or misleading statement or claim in any communication with the public. No member may publish, circulate or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

Rule 2210(a) defines "communications with the public" as consisting of, among other items, public appearances. Public appearances include participation in a seminar, forum, radio or television interview, or other public appearance or public speaking activity.

b. On May 17, 2006, Moleff presented a "free" lunch and dinner seminar for seniors. Approximately eleven individuals attended the lunch seminar and twenty-six individuals attended the dinner seminar.

At both the lunch and dinner seminar, Moleff made false, exaggerated and misleading statements. False and/or exaggerated statements included:

- i) Moleff's representation that in eight years, he had never "lost a client."
- ii) Moleff's representation that he was licensed with two broker-dealers and that only 1/10 of 1% of agents in Utah can be dully licensed.
- iii) Moleff's representation that he had "literally millions and millions and millions of client dollars that are managed by [a third-party money manager]."
- iv) Moleff's representation that he had one client who has "literally millions and millions and millions" with [a third-party money manager].

- v.) Moleff's representation that all of his clients were with [a specific third-party money manager].

Misleading and unwarranted statements included:

- i) Moleff's failure to disclose that he solicited client funds for multiple third-party managers.
- ii) Moleff's failure to disclose that the client mentioned during the seminars who was so happy with Moleff's services that he invited Moleff and his family to vacation with him was Moleff's father.
- iii) Moleff's statement, without any explanation, that an investor can invest in an annuity and keep the principal
- iv) Moleff's statement that an equity indexed annuity "let's you invest in the market."
- v) Moleff's representation that "[t]he best part of the whole story for me is we do all of this out performance with half the risk and half the volatility... Well, we've been able to increase the reward and cut the risk at minimum, in half."
- vi) Moleff's statements "would you pay an extra 1% in fees to insure your account, that if the market went up, you fully participated. When the market went down, you did not participate at all. So you could go after the higher returns without fear of loss of principal, loss of income."
- vii) Statements made by Moleff disparaging stock brokers in an attempt to promote his own services.
- viii) Statements made by Moleff regarding the nature of annuities. Including the representation that annuities are liquid and that an investor who wants his/her money can be "cut a check and walk away."
- ix) Moleff's representation that "it's cheaper to own an annuity than a mutual fund."

- c. Moleff also made false, exaggerated and misleading statements about his background to the public. Moleff provided a biography to WGS representative, JHI, whom he supervised. The biography contained false, exaggerated and misleading statements regarding Moleff's qualifications. JHI disseminated, on Moleff's behalf, the following false, exaggerated and misleading statements based on the biography when introducing Moleff at the seminars:
- i) Moleff managed offices in Utah, California, Nevada, Texas and Washington.
 - ii) WGS was the third largest broker-dealer in the United States.
 - iii) Moleff was a broker-dealer agent for two firms and that such association presents a "huge advantage" to clients.
 - iv) Moleff was licensed with two broker-dealers and that there were only "1/10th of 1% of any financial representative that works with two broker dealers at the same time."
 - v) Moleff was the "number one" financial advisor at WGS and was one of the "best" financial advisors in Utah and the Western United States.
 - vi) Moleff has been the number one WGS producer for eight consecutive years.
- d. Moleff's discussion of CDs and annuities omitted material information pertaining to the investment characteristics, risks and features of the different options, thereby creating an incomplete comparison in violation of Rule 2210(d)(2)(B).
- e. As a result of the foregoing conduct set forth in sub-paragraphs b, c and d, Moleff violated NASD Conduct Rules 2210(d) and 2110.
- f. Also during the seminars, Moleff included non-standardized return numbers for a Putnam mutual fund, yet omitted the standardized returns as required by SEC Rule 482(d)(3) thereby violating Rules 2210(e) and 2110.

2. Unapproved Seminar Materials

- a. At the two May 17, 2006 seminars, Moleff provided attendees with a booklet entitled "Income for Life" and gave a slide show presentation. Neither the booklet, except for the cover page, nor the slide show presentation had been approved by a registered principal of WGS as required by Conduct Rule 2210(b)(1), nor had these materials been filed with FINRA's Advertising Regulation Department within ten (10) business days of first use or publication as required by Conduct Rule 2210(c)(2).

As a result of the foregoing acts, practices and conduct, Moleff violated NASD Conduct Rules 2210(b)(1), 2210(c)(2), and 2110.

- b. Rule 2210 (d)(1)(A) requires that members' communications with the public be fair and balanced, and provide the investor with a sound basis for evaluation the facts regarding the securities products or services being discussed. No material fact may be omitted from a communication if such omission would cause the communication to be misleading. Here, both the slide presentation and the booklet violated Rule 2210(d)(1)(A). For example:

- i) Both the slide presentation and booklet address the tax-deferral benefits of annuities. However, the materials fail to prominently explain that annuities offer no additional tax-deferral benefits than other qualified accounts.
- ii) Both the slide presentation and booklet reference the benefits of the services provided by representatives of WGS; however, the material fails to provide a complete presentation by not disclosing any costs associated with the representatives' services.
- iii) Both the slide presentation and the booklet discuss accessing funds in an annuity. Both of these materials, however, fail to provide a balanced and complete discussion of the negative impacts of early redemptions.

As a result of the foregoing conduct, Moleff violated NASD Conduct Rules 2210(d)(1)(A) and 2110.

- c. Both the slide presentation and booklet also contained exaggerated and unwarranted statements with respect to annuities in violation of NASD Rule 2210(d)(1)(B) and 2110.

B. Moleff also consents to the imposition of the following sanctions:

Moleff shall be suspended from associating with any member of FINRA in any capacity for a period of four (4) months. In addition, he will be fined \$15,000.00.

The fine shall be due and payable either immediately upon reassociation with a member firm following the four 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.

Moleff understands that if he is 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, Moleff may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the four month suspension. (See NASD Rules 8310 and IM-8310-1).

Moleff specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

Moleff 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 him;
- 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, Moleff 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.

Moleff further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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

Moleff understands 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 him; and
- C. If accepted:
 - 1. this AWC will become part of Moleff's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Moleff'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. Moleff 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. Nothing in this provision affects Moleff's right to

take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Moleff may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Moleff understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Moleff 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; that Moleff has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce him to submit this AWC.

8-15-2008
Date

Andrew Moleff
Andrew Moleff

Accepted by FINRA:

8-29-2008
Date

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

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