

RECEIVED
2008 DEC 11 P 4:49
REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007008653501**

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

RE: James Stanley Gossett, Respondent
Former General Securities Representative
CRD No. 4574668

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, James Stanley Gossett, 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

James Stanley Gossett ("Gossett") entered the securities industry in September 2002, when he signed and submitted a Form U4 to become registered with FINRA as a General Securities Representative of FINRA member firms American Express Financial Advisors ("AEFA") and IDS Life Insurance Co. ("IDS"). He subsequently became registered as a General Securities Representative of both firms in November 2002. On December 12, 2003, Gossett resigned from AEFA and IDS, and on January 28, 2004 he became registered with member firm Traderight Securities, Inc. ("Traderight Securities"). Except for a seven-month period, from July 19, 2004 through February 23, 2005, Gossett was registered with Traderight Securities from January 28, 2004 until April 9, 2007.

000009347 2008

Gossett is not currently registered with a FINRA member firm, and he has not associated with any FINRA member since April 4, 2007. However, he remains subject to FINRA's jurisdiction pursuant to Article V, § 4 of the FINRA By-Laws.

RELEVANT PRIOR DISCIPLINARY HISTORY

On March 17, 2005, Gossett was issued a Letter of Caution (E06030478) based on FINRA staff's determination that, on July 24, 2003, in violation of NASD Conduct Rule 2510, Gossett sold fifteen stocks in a customer's account without contacting the customer prior to executing the trades or obtaining written authorization from the customer to exercise discretion.

OVERVIEW

This matter involves multiple violations by former Traderight Securities registered representative James Stanley Gossett, including (i) unsuitable investment recommendations; (ii) misleading communications; (iii) improper exercise of discretion in customer accounts; (iv) splitting commissions with an unregistered individual; (v) failing to disclose an outside business activity; (vi) failing to disclose a security account held at another member firm; and (vii) submitting false and misleading information to FINRA in response to Rule 8210 requests for information.

FACTS AND VIOLATIVE CONDUCT

i.) Unsuitable Investment Recommendations

During the period from in or about February 2005, through in or about April 2007, while registered with FINRA as a General Securities Representative of Traderight Securities, Gossett made unsuitable investment recommendations to Traderight Securities customers JC, DC, VD, OS, JS, DB, BD, KS, BF, RG, and NE. Specifically, Gossett recommended to each of these customers, many of whom were retired or nearing retirement age, a high-risk, options-based investment strategy that Gossett claimed to have developed and to have employed successfully for many years. He also recommended that the customers commit a substantial portion of his/her investment assets to the strategy. These recommendations were inconsistent with each customer's financial situation, investment objective, circumstances, and needs.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2310, IM-2310-2, 2860(b)(19)(B), and 2110 by Respondent James Stanley Gossett.

ii.) Misleading Communications with the Public

During the period from in or about February 2005, through in or about April 2007, in verbal and written communications with his customers, Gossett made misleading or unwarranted claims about his investment strategy, particularly with regard to the investment risks associated with the strategy. Gossett also made predictions or projections of the future performance of the strategy without providing a sound basis for evaluating his assertions. In addition, Gossett prepared and distributed to prospective customers sales literature about his investment strategy that failed to include any risk disclosures and that provided misleading information about the past performance of the strategy. Finally, Gossett provided incomplete and/or misleading information to several customers about the performance of their investments and/or the balance of their accounts. On one occasion, for example, Gossett prepared an account statement for a customer in which Gossett did not report all of the customers account holdings, and thus reported an account balance that was greater than actual.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2210(d)(1), 2220(d)(1), and 2110 by Respondent James Stanley Gossett.

iii.) Exercising Discretion without Prior Written Authorization

During the period from in or about February 2005, through in or about April 2007, Gossett exercised discretion in the Traderight Securities accounts of customers JC, DC, VD, OS, JS, DB, BD, KS, BF, RG, and NE, without receiving prior written authorization from the customers and without prior written acceptance by Traderight Securities.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2510(b) and 2110 by Respondent James Stanley Gossett.

iv.) Splitting Commissions with an Unregistered Individual as Payment for Referrals

During the period from in or about February 2005, through in or about April 2007, Gossett enlisted the service of a non-registered individual, TM, to solicit public investors to open accounts with Gossett; to promote Gossett's investment strategy; to assist prospective customers with completing new account application forms; and to serve as Gossett's primary point of contact for the customers TM had referred. As compensation for these services, Gossett agreed to pay TM half of the commissions Gossett generated from trades in the accounts of customers that TM referred.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2420 and 2110 by Respondent James Stanley Gossett.

v.) Failure to Inform Employer Member Firm prior to Opening a Securities Account at Another Member Firm

In or about June 2005, while associated with Traderight Securities, Gossett opened a securities brokerage account with FINRA member TradeStation Securities, Inc. without having provided written notice to Traderight Securities of his intention to open the account, and without advising TradeStation Securities of his association with Traderight Securities. Moreover, Gossett failed to disclose the existence of the account to Traderight Securities after he opened the account.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3050(c) and 2110 by Respondent James Stanley Gossett.

vi.) Failure to Provide Written Notice to Employer Member Firm of an Outside Business Activity.

During the period from in or about January 2006, through in or about April 2007, Gossett failed to provide written notice to Traderight Securities that he was engaged in an outside business activity, specifically the operation of a cattle-raising business.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3030 and 2110 by Respondent James Stanley Gossett.

vii.) Providing False and Misleading Information to FINRA Investigative Staff in Response to Requests for Information

On or about October 25, 2007, in response to a FINRA Request for Information issued pursuant to NASD Procedural Rule 8210, Gossett knowingly provided false and misleading information concerning his dealings and communications with customers, sales practices, and non-securities-related business activities while associated with Traderight Securities.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110 by Respondent James Stanley Gossett.

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

A bar of Respondent James Stanley Gossett 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 NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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.)

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:

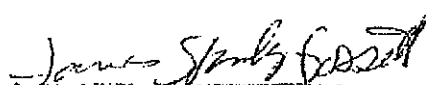
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not 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

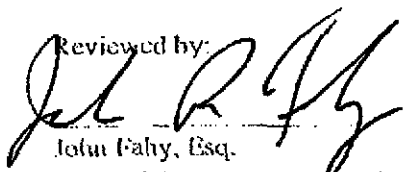
Letter of Acceptance, Waiver,
and Consent
James Stanley Gossett
Case No. 2007008653501
Page No. 7

- 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 JM-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.

Date 6/12/08


James Stanley Gossett
Former General Securities Representative

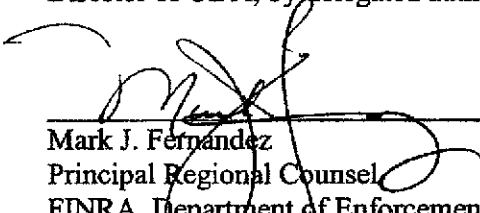
Reviewed by:

John Fahy, Esq.
Counsel for James Stanley Gossett

Accepted by FINRA:

Letter of Acceptance, Waiver,
and Consent
James Stanley Gossett
Case No. 2007008653501
Page No. 8

December 11, 2008
Date

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



Mark J. Fernandez
Principal Regional Counsel
FINRA, Department of Enforcement
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-0802
Phone: 504/522-6527
Fax: 504/522-4077