

FINRA
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070094440

REGISTRATION & DISCLOSURE

2008 MAR 31 P 3:15

RECEIVED

TO: Department of Enforcement
FINRA

RE: Carl F. Hyde Jr.
Registered Representative
CRD No. 1269632

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Carl F. Hyde Jr. ("Hyde") 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 Hyde alleging violations based on the same factual findings.

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

Hyde first became associated with a FINRA member firm in 1984 as a registered representative ("RR"). From October 1992 to September 2005, Hyde was employed with J.J.B. Hilliard, W.L. Lyons, Inc. In September 2005, Hyde began employment as an RR with Stifel, Nicolaus & Co., Inc. (the "Firm"), where he remained until being terminated on January 31, 2007 for allegedly misappropriating client funds. Since that time, Hyde has not been employed in the securities industry.

FACTS

Misappropriation

1. In or about January 2007, Hyde met with SC at her house to discuss financial matters, in particular the purchase of a John Hancock variable annuity (the "Annuity") for \$26,246.
2. SC signed a blank check and gave it to Hyde for the purposes of purchasing the Annuity. Hyde told SC that he was going to make the check payable to "John Hancock" to purchase the annuity, but unbeknownst to SC, Hyde made the check payable to "John Hyde."

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3. A few days after their initial meeting, Hyde went to SC's house and explained to her that he had taken the money for his own personal benefit and did not purchase an annuity. Hyde told SC that he had taken the money she gave him, and gave it to his cousin who was in financial trouble.
4. Hyde gave SC a check written from John Hyde's bank account for the full amount she had originally given him as reimbursement. When SC attempted to deposit the check on January 26th, it failed to clear.
5. On January 26, 2007, PNC Bank (the "Bank") contacted Hyde's Branch Office Manager, regarding possible fraud relating to Hyde. According to the Bank, John Hyde, Hyde's cousin, wrote a check to one of Hyde's clients, SC, to repay funds Hyde had taken from her.
6. By February 2, 2007, the check had cleared and SC was in possession of the \$26,246.
7. In accepting a blank check from a client, which was intended for the purchase of an annuity, and making it payable to his cousin for personal use, Hyde violated NASD Rules 2330 and 2110.

Failure to Comply

8. Between approximately August 16, 2007 and October 9, 2007, Enforcement had several telephone conversations with Hyde's attorney, requesting that Hyde testify in connection with Enforcement's investigation.
9. After failing to respond to Enforcement's telephonic requests to schedule an on-the-record interview ("OTR"), Enforcement sent Hyde a letter, with Hyde's attorney receiving a copy, dated October 10, 2007 renewing its request that Hyde appear and testify regarding this investigation.
10. The letter requested that on October 25, 2007, pursuant to and in compliance with Rule 8210, Hyde appear at 10:00 am at Enforcement's offices at 14 Wall Street, 19th Floor, New York, New York. The letter indicated that formal disciplinary proceedings may be brought against Hyde should he fail to appear and testify or contact Enforcement to make alternative arrangements.
11. By letter dated October 15, 2007, Hyde's attorney responded to Enforcement's letter on Hyde's behalf and stated that Hyde would not appear and testify on October 25, 2007, regarding Enforcement's investigation. In so doing, Hyde violated NASD Rules 8210 and 2110 by failing to respond to requests for an interview.

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

A bar from association with any FINRA member in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. 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 prejudice 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

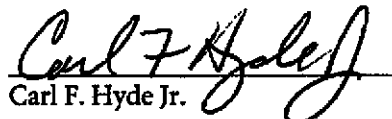
I understand that:

- 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 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.
- D. I understand that I may attach a Corrective Action Statement to this AWC, which is a statement of demonstrable corrective steps taken to prevent future misconduct. I further understand that I 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.

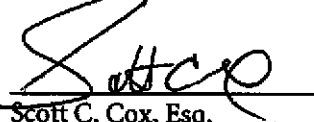
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

2-29-08

Date


Carl F. Hyde Jr.

Reviewed By:

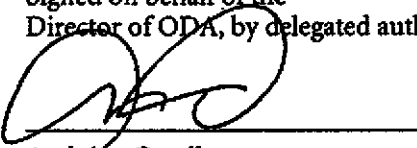

Scott C. Cox, Esq.
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Louisville, KY 40202
(502) 589-6190

Accepted by FINRA:

3-27-2008

Date

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


Anthony Cavallaro
Vice President
FINRA Department of Enforcement
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