

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070094652**

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

RE: Timothy Stauffer, Respondent
CRD No. 3220484

Pursuant to Rule 9216 of the FINRA Code of Procedure, Timothy Stauffer ("Stauffer") 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 Stauffer alleging violations based on the same factual findings.

I.

ACCEPTANCE AND CONSENT

- A. Stauffer 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

Stauffer entered the securities industry in February 1998, with Merrill Lynch, Pierce, Fenner & Smith Incorporated, where he worked until August 1999. Stauffer was a registered representative at Citigroup Global Markets Inc. ("Citigroup" or "the Firm") from on or about August 13, 1999 through on or about December 6, 2006, when he was terminated for obtaining client funds and using them for his own purposes without client authorization. Stauffer is not currently registered with any FINRA member, and has no prior reported disciplinary history.

VIOLATIVE CONDUCT BY RESPONDENT

1. Between January 2003 and November 2006, Stauffer misappropriated approximately \$531,957 from customers of his member firm employer. Generally, Stauffer obtained a letter of authorization ("LOA") signed in blank by a customer and subsequently, without authorization, filled in the LOA to direct that checks or wire transfers be paid out of the customer's account.
2. Stauffer's grandfather, WCC, was a customer of the Firm. On or about January 6, 2003, using a check drawn on the basis of an improper LOA, Stauffer misappropriated \$5,000 from the account of his grandfather. Again, on or about February 9, 2004, using a wire transfer authorized by an improper LOA, Stauffer misappropriated \$2,500 from the account of his grandfather.
3. Stauffer's brother JS was a customer of the Firm. On or July 25, 2003 and October 8, 2003, using wire transfers authorized by improper LOAs, Stauffer misappropriated two payments, each of \$7,500, from his brother's account. On or about December 9, 2003, again using a wire transfer authorized by an improper LOA, Stauffer misappropriated a further \$3,500 from his brother's account.
4. On or about May 5, 2004, using an improper LOA that had been signed in blank, Stauffer had a check for \$18,500 drawn on the account of his customer SYC and deposited into a credit union account owned by his brother Jeffrey Stauffer. This transfer resulted in SYC's funds being misappropriated.
5. Between on or about December 3, 2003 and February 7, 2004, Stauffer wrongfully used an ATM card debit card that had been issued for his brother JS's account to misappropriate a total of approximately \$8,134 via ATM withdrawals from JS's account.
6. Between June 2003 and November 2006, on approximately 29 occasions, Stauffer misappropriated customer funds by having checks improperly drawn on customer accounts and depositing these checks into an account or accounts that he controlled at American Express. In most of these instances, Stauffer obtained an LOA signed in blank by the customer, and then subsequently filled in the LOA to direct that a check be drawn on the customer's account, payable to American Express, and mailed to an address to

which Stauffer had access or from which he could retrieve the letter containing the check. These checks aggregated approximately \$448,322.50 from a total of six customers.

7. On or about October 28, 2004, using an improper LOA, Stauffer transferred \$31,000 from the account of his customer IH into the account of his customer CRM. This transfer resulted in IH's funds being misappropriated.
8. The monies misappropriated by Stauffer, as set forth above, totaled \$531,956.50.
9. Such acts, practices and conduct constitute a violation of NASD Conduct Rule 2110 by Stauffer.
10. The Firm reimbursed Stauffer's customers' losses.
11. On or about October 29, 2007, in the Common Pleas Court of Montgomery County, Ohio, Stauffer pleaded guilty to criminal charges related to the above matters, including grand theft and theft from an elderly person or disabled adult. He was subsequently sentenced to seven years' imprisonment.

FAILURE TO COOPERATE

11. By letter dated March 2, 2007, the Division of Enforcement of NYSE Regulation, Inc. requested that Stauffer appear and testify at the offices of the Division of Enforcement, on March 21, 2007. Enforcement informed Stauffer that his failure to cooperate could result in the institution of formal disciplinary action against him. Following the merger that created FINRA, by letter dated November 27, 2007, the FINRA Department of Enforcement scheduled Stauffer's testimony for December 7, 2007, and informed Stauffer that, pursuant to NASD Rule 8210 of the FINRA Code of Procedure, his failure to appear and testify as scheduled might result in the institution of formal disciplinary proceedings against him.
12. To date, Stauffer has failed to appear and testify as requested.
13. Such acts, practices and conduct constitute a violation of NASD Conduct Rules 8210 and 2110 by Stauffer.

OTHER FACTORS

- B. Stauffer consents to the imposition of a bar from association with any FINRA member in any capacity.

The sanction imposed herein shall be effective on a date set by FINRA staff. Stauffer 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, Stauffer 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

Stauffer 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, Stauffer specifically and voluntarily waives 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.

Stauffer 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

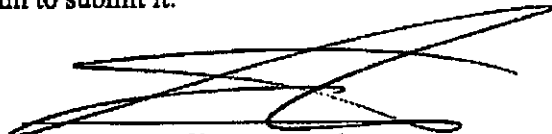
Stauffer understands that:

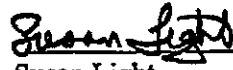
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against him; and
- C. If accepted:
 - 1. this AWC will become part of his 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 his 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-8310-2; and
 - 4. Stauffer 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. Stauffer 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 his right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Stauffer may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. He 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.

Stauffer 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 he has 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 him to induce him to submit it.

1-25-08
Date


Timothy Stauffer, Respondent


Susan Light
Senior Vice President
FINRA Department of Enforcement
14 Wall St., 14th Floor
New York, NY 10005
Phone Number: (646) 315-7333;
Fax Number: (646) 315-7441

Accepted by FINRA:

2/13/08
Date

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