

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

NO 7

20070695215

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

RE: Charles Rodney George, Respondent
General Securities Representative
CRD No. 1024791

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Charles Rodney George, submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violation 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

Charles Rodney George ("George") began his association with a FINRA member in 1988. In November 2001, George became associated as a general securities representative with Citigroup Global Markets, Inc. (the "Firm"), a FINRA member, until his employment termination on May 9, 2006. George is not presently associated with any FINRA member.

PRIOR DISCIPLINARY HISTORY

George has no prior formal disciplinary history in the securities industry.

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VIOLATIVE CONDUCT

NASD Rule 2110 required George to adhere to high standards of commercial honor and just and equitable principals of trade.

1. George Improperly Obtained Loan from a Customer by Deceptive Means

a. Background

Customer BG opened an account with the Firm in or about May 2003. BG, 71 years old in 2003, was a half sister to George's mother. BG was an unsophisticated investor who never previously had an investment account, never held a full time job outside of her home, and did not have a college education. BG's husband of 30 years made all investment and financial decisions for their household. When BG's husband passed away, BG received approximately \$2 million upon settlement of the estate.

BG retained George's services as a financial advisor after her husband died. BG deposited approximately \$1.5 million into three accounts at the Firm, consisting of two retail accounts and an IRA.

b. George Misrepresented the Circumstances Underlying the \$500,000 Payment

BG provided George \$500,000 after they discussed repayment terms and conditions during a conversation at BG's home in Little Rock, Arkansas on December 1, 2003. During this conversation, George did not disclose that he had serious debt obligations approaching \$2 million, a history of excessive consumer spending, and that he was unable to meet his financial obligations. Specifically, George owed approximately \$900,000 to his previous employer for the balance on a loan and over \$500,000 in credit card debt and a heavily mortgaged house, which brought his personal debt to over \$2 million. Despite his acknowledged predisposition to spend excessively and accumulate large debt that he could not repay, George did not provide this information to BG when she agreed to provide him \$500,000.

George misled BG to believe that he had collateral for the \$500,000. George orally pledged a deferred compensation account at the Firm as collateral and promised to use it to repay BG when it vested in 2007. However, George did not adequately explain to BG at the time she provided him \$500,000 that he would not have an ownership interest in the deferred compensation for another four or five years and misrepresented his ability to repay his debts. BG lacked the financial skills and business acumen to evaluate George's creditworthiness or the fact that the transaction was unsecured.

c. Use of the \$500,000

George received \$500,000 from BG in late December 2003. He then used BG's \$500,000 to satisfy outstanding debt obligations. George's personal banking account was worth \$1,366.56 as of November 25, 2003. The ending balance as of

December 26, 2003 was \$500,433.77, constituting all deposits made during the month of December 2003, including BG's \$500,000. The ending balance on January 27, 2004 was \$2,912.12. The majority of the \$500,000 went to pay George's outstanding credit card balances.

After paying down his credit card debt, George continued to spend lavishly. When the Firm terminated his employment in May 2006, George had accumulated additional credit card debt in excess of \$200,000. Moreover, George still owed other creditors, including his previous employer, for overdue loan balances. George ultimately declared bankruptcy in November 2006.

d. Unfair and Inadequate Repayment

Between February 2004 and June 2006, George paid between \$2,000 and \$2,500 per month in order to repay BG the \$500,000. However, the promissory note required that the monthly payments constitute principal and interest at 6% over 10 years. In order to repay the \$500,000 in monthly installments of principal and interest at 6% interest for 10 years, George needed to pay more than \$5,500 per month. As a result, the payment terms negotiated did not properly amortize, thereby resulting in George owing the 71 year old widow \$500,000 at the end of the 10 year term. Moreover, George also missed at least four loan payments between July 2004 and June 2006, and made reduced or no payments during each of the first seven months. Taking \$500,000 from an elderly widow and Firm customer with unfair repayment terms and inadequate payments was inconsistent with just and equitable principles of trade.

e. George Failed to Provide a Written Memorialization Reflecting his Agreement with BG

A promissory note memorializing the terms of George's agreement with BG was not created until six months after BG already provided George the \$500,000, and only after BG's daughter intervened on her mother's behalf.

2. George Concealed the Transaction from the Firm

In April 2004 and February 2005, George falsely indicated on compliance certifications submitted to the Firm that he did not borrow money from any customer. According to George's April 29, 2004 and February 14, 2005 compliance certifications, the Firm asked "Have you borrowed from or loaned money to clients and/or firm employees?" To this question, George falsely answered "NO." By this misrepresentation, George hid from the Firm that a customer had provided him money. George also had earlier instructed the customer to send the \$500,000 to his personal address in an earlier effort to conceal the loan from the Firm.

3. George Caused an Improper Notarization of Firm Documents

In December 2003, George asked a notary for the state of Missouri, who was also a Firm employee, to notarize BG's signature on a Transfer on Death/Designation of

Beneficiary(ies) Form (the "TOD Form") for BG's accounts at the Firm when BG was not present at the time of the notarization. The TOD Form designated George as a beneficiary to half of BG's retail accounts upon her death. When George had BG execute the TOD Form, the combined value of BG's accounts was approximately \$1.5 million. BG never intended to designate George as a beneficiary of her accounts at the Firm.

4. Arbitration Judgment for Loan Proceeds

█ ultimately filed and obtained an arbitration judgment against George of approximately \$1,157,000 (principal plus interest, punitive damages, attorneys fees and costs). On December 14, 2007, George executed a promissory note outlining a payment plan for the \$1,157,000 George owes to BG in an agreement that █ arbitration award would not be discharged through George's bankruptcy.

VIOLATIONS

1. George violated NASD Rule 2110 in that he engaged in deceptive practice in order to facilitate a payment of funds from a customer through improper means, including omitting material information pertaining to his financial history and making material misrepresentations concerning collateral and his ability to repay a purported loan.
2. George violated NASD Rule 2110 in that he falsely represented on the Firm's 2004 and 2005 compliance certifications that he had not borrowed money from any customers.
3. George violated NASD Rule 2110 in that he requested that a notary public, who was an employee of the Firm, notarize a signature previously completed by a Firm customer who was not present at the time of the notarization.

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

- A permanent bar from associating with any FINRA member firm in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

I understand that if I am permanently barred 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. (See NASD Rule

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.

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.

Date

4/21/08

Charles Rodney George

Charles Rodney George

Accepted by FINRA:

April 30, 2008
Date

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



Linda Riefberg, Vice President
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