

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007011492501**

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REGISTRATION & DISCLOSURE

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

RE: Kevin Howard Gavigan, Respondent
General Securities Representative
CRD No. 2674135

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

On November 22, 1995, Kevin Howard Gavigan ("Gavigan") first became registered with FINRA (f/k/a National Association of Securities Dealers or NASD) as a General Securities Representative through a member firm. From February 16, 2005 to December 6, 2007, Gavigan was registered as an Investment Company and Variable Contracts Products Representative through member firm Calton & Associates, Inc. ("Calton"). On February 17, 2005, Gavigan again became registered as a General Securities Representative through Calton. Gavigan is not currently associated with a member firm. He does not have any relevant disciplinary history.

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OVERVIEW

Gavigan misappropriated funds from a sailing club and was subsequently criminally charged with theft. Gavigan, however, willfully failed to amend his Form U4 to disclose the criminal charges. This conduct violated NASD Conduct Rule 2110 and IM-1000-1.

FACTS AND VIOLATIVE CONDUCT

- In 2006 and 2007, Gavigan served as the treasurer of a sailing club. During those two years, Gavigan wrote approximately \$51,400 worth of checks from the club's bank account payable to "cash." Thereafter, Gavigan cashed the checks and converted the proceeds to his own use and benefit without the club's authorization or consent. Based on the foregoing, Gavigan violated NASD Conduct Rule 2110.
- On September 28, 2007, Gavigan was charged in the Millville, New Jersey Municipal Court with theft and theft by deception of over \$75,000. Both charges were crimes of the second degree, the functional equivalent of a felony. Thereafter, Gavigan willfully failed to amend his Form U4, which was filed on February 16, 2005, to disclose those material facts. Based on the foregoing, Gavigan violated NASD Conduct Rule 2110 and IM-1000-1.

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

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

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.)

I understand that this settlement includes a finding that, after September 28, 2007, I willfully failed to disclose a material fact on a Form U4, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4(f) of the FINRA By-Laws, this nondisclosure makes me subject to a statutory disqualification with respect to association with a member.

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.

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 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.

4/11/08
Date


Kevin Howard Gavigan
Respondent

Reviewed by:

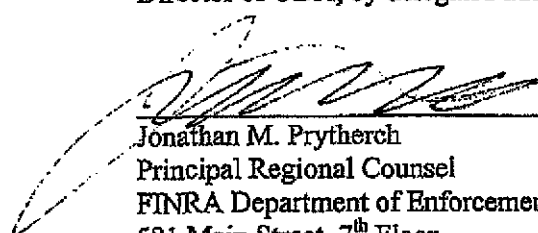


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(856) 691-1600

Accepted by FINRA:

5/7/08
Date

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



Jonathan M. Prytherch
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