

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 2008012237201

RECEIVED
2009 DEC -8 P 8:45
REGISTRATION & DISCLOSURE

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

RE: Paul E. Yankie
Registered Principal
CRD No. 2810086

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

Between January 2004 and December 28, 2007, Paul Yankie was registered as a general securities principal with PNC Investments. Since that time, he has not been registered with any other FINRA member. Yankie has no prior disciplinary history.

OVERVIEW

Paul Yankie participated in a private securities transaction totaling \$20,000 without providing his firm with written notice of the proposed transaction, borrowed \$60,000 from a firm customer and failed to respond to several information requests as well as appear for his on-the-record interview.

FACTS AND VIOLATIVE CONDUCT

- A.
1. In July 2007, Paul Yankie participated in a private securities transaction when he obtained \$20,000 from public customer JH on behalf of Afterworld, Inc., an entity in which he and three other investors had an ownership interest.
 2. The money was to be loaned to Afterworld, a corporate entity formed for the purpose of owning and operating a nightclub named "The Exchange."
 3. The transaction was memorialized in a loan agreement that provided that the funds were to be loaned for a period of two years at an annual interest rate of 15%. Payments of interest were to be made on a quarterly basis.
 4. JH was not involved in Afterworld's operations.
 5. The transaction with JH involved a security because, among other things, the issuance of the promissory was motivated by Afterworld's aim to raise money for the general operations of the business and by JH's desire to obtain a profit in the form of an above market interest rate.
 6. Prior to engaging in the private securities transaction, Paul Yankie failed to give written notice to his firm of the proposed transaction, and failed to receive written approval to engage in that transaction.
 7. By engaging in such practices and conduct, Paul Yankie violated NASD Rules 3040 and 2110.
 8. In June 2007, Paul Yankie borrowed \$60,000 from public customer CC, who was Yankie's customer at the firm. At the time of the loan, Yankie's employing firm's compliance manual generally prohibited representatives from borrowing money from customers. The only borrowing permitted was from an immediate family member. CC was not a "permitted" borrower.
 9. By borrowing money from his customer, Paul Yankie violated NASD Conduct Rules 2370 and 2110.
 10. On January 13, April 24, May 27 and July 2, 2009, FINRA staff sent letters to Yankie's attorney requesting that Yankie provide copies of bank account statements evidencing the deposit of \$60,000 from CC and the depletion of those funds. The requested documentation has not been provided.

11. On May 27 and July 2, 2009, FINRA staff sent letters to Yankie's attorney requesting that Yankie provide copies of checks related to certain payments. The requested documentation has not been provided.

12. On January 13 and October 7, 2009, FINRA staff requested that Yankie appear for an on-the-record interview, which he failed to do.

13. By failing to respond to FINRA information requests and by failing to appear for an on-the-record interview, Yankee violated FINRA Rules 8210 and 2010.

- B. I also consent to the imposition of a bar from association with any FINRA member 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 FINRA Rules 8310 and 8311.)

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 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 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 FINRA Rule 8313; 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

FROM

(WED) NOV 11 2009 12:09/ST. 12:09/No. 7500000184 P 6

10/10/2009 16:37 FAX 312 898 4600

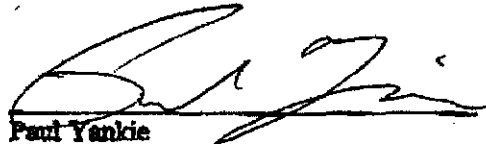
FINRA

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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.

11/11/09
Date


Paul Yankie

Reviewed by:

Date

Accepted by FINRA:

12/8/09
Date

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


Richard A. March
Senior Regional Counsel
FINRA Department of Enforcement
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Chicago, IL 60603
(312)899-4351