

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080144265**

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

RE: Frank Stephen Sparger, Respondent
CRD No. 1877647

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I Frank Stephen Sparger ["Sparger" or "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

Sparger entered the securities industry in May 1988 as a registered representative with Edward Jones ("Edward Jones" or the "Firm") and worked there until his termination on July 23, 2008.

On July 31, 2008, the Firm filed a Uniform Termination Notice for Securities Industry Registration (the "Form U-5") stating that Sparger was terminated "after he admitted signing a client's name on certain documents without the knowledge or consent of the client." In August 2008, Sparger became employed by another member firm and has remained employed there to the present.

OVERVIEW

Between February 2006 through June 2008 (the "relevant period"), Sparger signed customer names on three IRA distribution forms and on two letters of authorization to transfer cash, and effected unauthorized trades in three customer

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accounts.

FACTS AND VIOLATIVE CONDUCT

During the relevant period, Sparger signed customer JM's name on three Individual Retirement Account ("IRA") distribution forms authorizing the distribution of funds from the customer's account. Specifically, Sparger placed JM's signature on an IRA distribution form dated February 2, 2006 for \$30,000, an IRA distribution form dated January 31, 2007 for \$180, and an IRA distribution form dated June 26, 2007 for \$75. While JM had requested these distributions, he had no knowledge that Sparger was placing his signature on these documents.

In addition, Sparger placed the signatures of customers JM and CM on two letters of authorization to transfer cash from JM and CM's joint account at the Firm. Specifically, on April 16, 2008, Sparger signed the names of JM and CM on a letter of authorization to transfer \$8,715 from JM and CM's joint account to their self-directed retirement account. Subsequently, on April 22, 2008, Sparger signed the names of JM and CM on a letter of authorization to transfer \$11,283 from their joint account to their self-directed retirement account. While JM and CM had requested these transfers, they did not know that Sparger was placing their signatures on these documents.

On June 6, 2008, Sparger effected an unauthorized trade in the joint account of customers RH and JH. Sparger purchased a bond in the amount of \$10,000 in the account of customers RH and JH without RH and JH's knowledge or authorization. On June, 9, 2008, three days after Sparger effected the unauthorized trade, Sparger telephoned RH and informed RH of the bond purchase. RH and JH, however, did not approve Sparger's unauthorized trade in their account. The bond purchase by Sparger in the RH and JH account was cancelled on June 12, 2008.

On June 16, 2008, Sparger effected an unauthorized trade in the account of customer JD. JD had instructed Sparger to purchase Class A or B shares of a mutual fund. Sparger, however, did not follow JD's instruction and instead purchased \$21,500 of Class C shares of the mutual fund for JD's account, without the knowledge or authorization of customer JD.

In addition, on June 6, 2008, Sparger effected two unauthorized trades in the joint account of customers WH and SH without their knowledge or authorization. On June 6, 2008, customer WH instructed Sparger to purchase one bond for the account in the amount of \$55,000. Instead of purchasing one bond for \$55,000, Sparger placed two separate orders at different interest rates for \$50,000 and for

\$5,000 respectively. Sparger purchased the two separate bonds, instead of one bond, without the knowledge or authorization of WH and SH. WH and SH did not approve the trades and the trades were cancelled in June 2008.

NASD Conduct Rule 2110 provides that [a] member, in the conduct of his business shall observe high standards of commercial honor and just and equitable principles of trade."

Based on the foregoing conduct, Respondent violated NASD Conduct Rule 2110 by: placing JM's signature on three IRA distribution forms and placing JM and CM's signatures on two letters of authorization.

Based on the foregoing conduct, Respondent violated NASD Conduct Rule 2110 by: entering one unauthorized trade in the joint account of customers RH and JH, one unauthorized trade in the account of customer JD, and two unauthorized trades in the joint account of customers WH and SH.

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

1. A suspension in all capacities for three months and ten business days from employment or association with any FINRA member in any capacity; and
2. A fine in the amount of \$25,000.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a suspension shall become effective upon approval or acceptance of this AWC.

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 39(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 Rule 8310 and 8311). The sanctions imposed herein shall be effective on a date set by FINRA staff.

The fine shall be due and payable either immediately upon reassociation with a member firm following the three month and ten business day suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the 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 participating 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 and 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 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 may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I 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.

7/27/11
Date

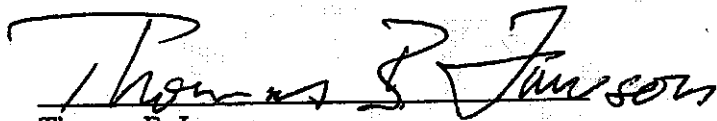
Frank Stephen Sparger
Respondent
Frank Stephen Sparger

By: Frank Stephen Sparger
Frank Stephen Sparger

Accepted by FINRA:

8/4/11
Date

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

A handwritten signature in black ink, appearing to read "Thomas B. Lawson", written over a horizontal line.

Thomas B. Lawson

Chief Counsel

FINRA Department of Enforcement

1735 K Street, NW

Washington, D.C. 20006