

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant

**Disciplinary Proceeding
2008015021001**

v.

**HERBERT T. HUNT,
Registered Representative
(CRD No. 1632226)**

Respondent.

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. Herbert Hunt exercised discretionary trading in the accounts of a customer in violation of NASD Rules 2510 and 2110. Additionally, he failed to appear at his on-the-record interview in violation of FINRA Rules 8210 and 2010.

RESPONDENT AND JURISDICTION

2. Between November 2006 and January 2008, Hunt was registered as a general securities representative with Sanders, Morris Harris Inc., a FINRA registered firm. On September 19, 2008, the firm filed an Amended Form U5 on behalf of Herbert Hunt with regard to a customer complaint made by AJ and DJ. Although Hunt has not been associated with a FINRA firm since January 2008, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because (1) the Complaint

000062259 2010

000054130 2011

was filed within two years after the date of the amendment to the Form U5 and (2) the Complaint charges him with misconduct committed while he was associated with a FINRA registered firm and with failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be associated with a FINRA firm.

**FIRST CAUSE OF ACTION
NASD Rules 2510 and 2110
Discretionary Trading**

3. During all relevant times, DJ was a member of the public who maintained two securities accounts with Hunt's firm. Respondent Hunt was responsible for servicing those accounts.

4. From approximately January 2007 until November 2007, Respondent Hunt effected approximately 113 discretionary transactions in the two accounts of public customer DJ, without having obtained prior written authorization from DJ and prior written acceptance of the accounts as discretionary by his firm.

5. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2510 and 2110 by Respondent Hunt.

**SECOND CAUSE OF ACTION
FINRA Rules 8210 and 2010
Failure to Appear at an On-the-Record Interview**

6. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 5 above.

7. On or about July 7, 2009, FINRA staff sent Hunt a letter requesting that he appear for an on-the-record interview pursuant to and in accordance with the provisions of Rule 8210. The interview was scheduled to take place in Chicago on July 21, 2009. The request for Hunt to

appear at his on-the-record interview was sent by first class mail and certified mail to Hunt's CRD address. The letter sent by first class mail was never returned, while the letter sent to the same address by certified mail was delivered. The United States Postal Service return receipt card appears to have been signed by Hunt on July 17, 2009.

8. On or about July 18, 2009, Hunt faxed a letter to the staff stating the following:

This is to confirm our conversation on Friday, July 17, 2009 wherein I informed you that I would not be attending the upcoming on-the-record interview at your office in Chicago on July 21, 2009. I understand that my failure to attend will most likely result in a violation of FINRA Rule 8210. Additionally, I understand that my failure to attend will most likely result in my being barred from the securities industry.

9. On or about July 21, 2009, Hunt failed to appear in Chicago for his on-the-record interview.

10. The acts, practices and conduct described above constitute separate and distinct violations of Rules 8210 and 2010 by Hunt.

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PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed; and
- B. order that Herbert Hunt bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

**FINRA DEPARTMENT OF
ENFORCEMENT**

Date: September 9, 2010



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