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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008016123101**

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

RE: Thomas James Sinclair, Respondent
General Securities Principal
CRD No. 2104458

Pursuant to FINRA 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

In November 1990, Thomas James Sinclair ("Sinclair") first became registered with FINRA as a General Securities Representative through a member firm. Sinclair later became registered with FINRA as a Financial and Operations Principal and General Securities Principal. From January 17, 2008 through December 8, 2008, Sinclair was registered in the same three capacities through member firm Southridge Investment Group LLC (the "Former Firm"). From February 6, 2009 through April 23, 2009, Sinclair was registered in the same three capacities through Kuhns Brothers Securities Corporation. Sinclair was last associated with a FINRA member firm on April 23, 2009. He has no FINRA disciplinary history.

OVERVIEW

From March 23 through April 3, 2009, Sinclair misappropriated \$17,500 from a

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former customer's account. Sinclair accomplished this by fabricating two wire transfer letters of authorization ("LOA"). This conduct violated NASD Conduct Rule 2330(a) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

On or about March 23, 2009, Sinclair sent a fabricated LOA to the Former Firm. The LOA, purportedly submitted by Sinclair's former customer EF, requested that \$5,000 be wired from that investor's account to the bank account of Sinclair's customer CM.¹ Sinclair caused the transfer of those funds without the consent or authorization of EF. He fabricated the LOA by cutting EF's signature from another document and pasting it on a letter he drafted requesting the wire transfer.

On April 3, 2009, Sinclair sent another fabricated LOA to the Former Firm. The LOA, purportedly submitted by former customer EF, requested that \$12,500 be wired from that investor's account to a brokerage account held by two of Sinclair's friends. Once again, Sinclair caused the transfer of those funds without the consent or authorization of EF. By fabricating two LOAs and misappropriating funds, Sinclair violated NASD Conduct Rule 2330(a) and FINRA Rule 2010.

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

- 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 sanction 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 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 prejudice 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 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.

12/22/09
Date

Thomas J. Sinclair
Thomas James Sinclair
Respondent

Accepted by FINRA: /

1/6/2010
Date

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

Paul D. Taberner
Paul D. Taberner
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