

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080161544**

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

RE: Hugh A. Ross, Sr., Respondent
General Securities Representative
CRD No. 3130376

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Hugh A. Ross, Sr., submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Respondent entered the securities industry in September 1998 by filing a Form U4 to become registered with a FINRA member. He passed the Series 7 examination in November 1998, the Series 63 and 65 examinations in December 1998 and the Series 66 examination in June 2007. From January 2, 2002 through November 14, 2008, Respondent was registered as a General Securities Representative at FINRA member Edward Jones ("the Firm"). Since December 2008, Respondent has been registered with another FINRA member. Respondent has no disciplinary history.

OVERVIEW

Respondent borrowed \$100,000 from two customers, a husband and wife, without complying with the requirements of NASD Rule 2370. Further, Respondent falsely claimed to the Firm's affiliate that the borrowed funds were not borrowed, and falsified a letter in support of that claim. Finally, Respondent falsely certified on an annual compliance questionnaire that he had not borrowed money from any customers.

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FACTS AND VIOLATIVE CONDUCT

In or about March 2008, Respondent applied to the Firm's affiliate for a mortgage to purchase residential property and was given tentative approval. In June 2008, the affiliate received an appraisal for the property that was substantially below the purchase price. As a result, the affiliate required Respondent to provide additional down payment funds before giving final approval for the mortgage.

On or about June 13, 2008, Respondent borrowed \$100,000 from RS and MS, his customers at the Firm, in order to satisfy the affiliate's requirement of additional funds. Although the Firm had written procedures permitting borrowing from customers under certain circumstances, the arrangement with RS and MS did not meet any of the conditions enumerated in Rule 2370(a)(2)(A)-(E). Further, Respondent did not obtain written pre-approval for the loan from the Firm. Therefore, Respondent violated NASD Rules 2370 and 2110.

Respondent informed the affiliate that he had secured additional funds for the down payment. At the affiliate's request, Respondent produced a copy of the cancelled check from RS and MS that had been deposited in Respondent's bank account. The affiliate subsequently requested that Respondent provide proof that the additional funds were not borrowed. On or about June 19, 2008, Respondent drafted and submitted to the affiliate a letter, purportedly signed by MS, indicating that the funds were not borrowed. In fact, MS never signed the letter. Rather, Respondent copied MS's genuine signature from a different document and affixed it onto the letter to the affiliate. In so doing, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110.

On October 6, 2008, Respondent completed an Audit Questionnaire for the Firm. In response to the question, "Since your last audit have you ever borrowed money from or loaned money to an Edward Jones customer other than an immediate family member," Respondent falsely answered, "No." The "last audit" referred to in the question occurred on October 2, 2007. By falsely certifying to the Firm that he had not borrowed money from customers, Respondent failed to observe high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110.

B. Respondent also consents to the imposition of the following sanctions:

1. A one-year suspension from association with all FINRA members in all capacities; and
2. A \$10,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if Respondent is barred or suspended from associating with any FINRA member, Respondent becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Respondent 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.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that Respondent 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has 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 Respondent to submit it.

8/23/2010

Date (mm/dd/yyyy)


Hugh A. Ross, Sr., Respondent

Reviewed by:

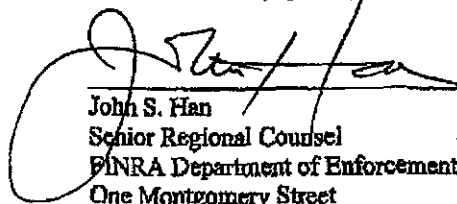

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Accepted by FINRA:

8/26/2010

Date

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


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