

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

Department of Enforcement,

Complainant,

v.

**Joseph Dale Frost, Sr.
CRD No. 1003962**

**John Charles Reilly, Jr.
CRD No. 725271**

**Russell Philip Macke
CRD No. 1882345**

**Hugh Vincent Murray III
CRD No. 826261**

Respondents.

Disciplinary Proceeding No. 2008016437801

Hearing Officer: LB

February 24, 2012

**ORDER ACCEPTING OFFER OF SETTLEMENT OF
JOHN CHARLES REILLY, JR.**

INTRODUCTION

Disciplinary Proceeding No. 2008016437801 was filed on June 21, 2011 by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Reilly submitted an Offer of Settlement (Offer) to Complainant dated February 21, 2012. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Reilly has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, except that (1) the Second Cause of Action in the Complaint has been amended from a willful failure to disclose material information on a Form U4 to a non-willful failure to disclose material information on a Form U4. Reilly has also consented to the imposition of the sanctions set forth below, and fully understands that this Order will become part of his permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Summary

Reilly was charged with a felony for driving while intoxicated. Nevertheless, he failed to disclose this felony charge on his Form U4 for more than eight months.

Respondent and Jurisdiction

John Charles Reilly, Jr. entered the securities industry in March 1981. From July 16, 1999 through June 22, 2009, Reilly was associated with FINRA broker-dealer Forsyth and was registered with FINRA as a general securities principal and general securities representative. Forsyth filed a Uniform Termination Notice for Securities Industry Registration (Form U5) for Reilly on June 25, 2009. Reilly is not currently associated with any FINRA broker-dealer. Although Reilly has not been associated with a FINRA broker-dealer since June 22, 2009, 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 was filed within two years after the

date upon which he ceased to be associated with a FINRA broker-dealer, and (2) the Complaint charges him misconduct committed while he was associated with a FINRA broker-dealer.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Non-Willful Failure to Disclose Felony Charge on Form U4 FINRA By-Laws Article V, Section 2, IM-1000-1, NASD Conduct Rule 2110 and FINRA Rule 2010

1. Reilly was charged with a felony for driving while intoxicated. Nevertheless, he failed to disclose this felony charge on his Form U4 for more than eight months.

2. On May 18, 2008, Reilly was charged in Pike County, Missouri with a felony for driving while intoxicated.

3. Reilly was associated with Forsyth when he was charged with this felony.

4. Under Article V, Section 2 of the FINRA By-Laws, Reilly was required to amend his Form U4 to disclose this felony charge within 30 days, or by June 17, 2008. Reilly did not amend his Form U4 by June 17, 2008 to disclose this felony charge.

5. Reilly amended his Form U4 on January 21, 2009. In this amendment, Reilly finally disclosed the May 18, 2008 felony charge against him for driving while intoxicated. This disclosure was over seven months late.

6. Reilly's failure to disclose this felony charge on his Form U4 in a timely manner was not willful.

7. Through this conduct, Reilly violated Article V, Section 2 of the FINRA By-Laws, IM-1000-1, and NASD Conduct Rule 2110 from June 17, 2008 through December 14, 2008; and Article V, Section 2 of the FINRA By-Laws, IM-1000-1, and FINRA Rule 2010 from December 15, 2008 through January 21, 2009.

Based on the foregoing, Reilly violated Article V, Section 2 of the FINRA By-Laws, IM-1000-1, and NASD Conduct Rule 2110 from June 17, 2008 through December 14, 2008; and Article V, Section 2 of the FINRA By-Laws, IM-1000-1, and FINRA Rule 2010 from December 15, 2008 through January 21, 2009.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Reilly from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Reilly be suspended from association with any FINRA broker-dealer for three months in any capacity and fined \$5,000.

The fine shall be due and payable either immediately upon reassociation with a FINRA broker-dealer following the three-month suspension note 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.

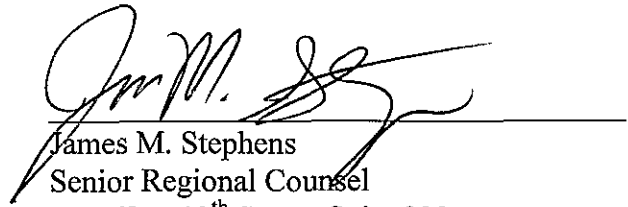
The findings herein are pursuant to Reilly's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "James M. Stephens", is written over a horizontal line.

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