

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

NO. 2008016449501

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

RE: ~~Juan Montanez-Gonzalez, Respondent~~
~~CRD No. 1994470~~

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Juan Montanez-Gonzalez ("I," "Montanez-Gonzalez" or "Respondent") 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 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

Montanez-Gonzalez first became registered with a FINRA regulated broker-dealer in November 1989. He became registered with Financial Network Investment Corporation (the "Firm") as a General Securities Representative from June 2, 2000 until his termination on January 8, 2009. Montanez-Gonzalez has not been associated with any FINRA regulated broker-dealer since his termination from the Firm in January 2009. FINRA retains jurisdiction over Respondent pursuant to Article V, Section 4(a) of the By-Laws because the conduct that serves as the basis for this action commenced prior to his termination of registration from a FINRA regulated broker-dealer and this AWC has been filed within two years after the effective date of his last termination of registration from a FINRA-regulated firm.

OVERVIEW

In 2008, while employed with the Firm, Montanez-Gonzalez borrowed money from three Firm customers and then used the money to cover losses in other customers' accounts.

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The Firm's written procedures prohibited registered representatives from borrowing money or securities from customers. Montanez-Gonzalez also made material misrepresentations to approximately 67 customers concerning the features and guarantees of variable annuities. In addition, Montanez-Gonzalez failed to respond to FINRA's requests for information made pursuant to FINRA Procedural Rule 8210.

By virtue of this conduct, Montanez-Gonzalez violated NASD Conduct Rules 2370 and 2110, FINRA Procedural Rule 8210, and FINRA Conduct Rule 2010.

FACTS AND VIOLATIVE CONDUCT

During Montanez-Gonzalez's tenure with the Firm, the Firm's written procedures expressly prohibited registered representatives from borrowing money or securities from customers.

Borrowing Customers' Funds

Customer OAO

In April 2008, Montanez-Gonzalez borrowed \$15,000 from a Firm customer, OAO.

Customer DPA

In August 2008, Montanez-Gonzalez borrowed \$200,000 from a Firm customer, DPA. At Montanez-Gonzalez's request, DPA gave Montanez-Gonzalez five cashier's checks totaling \$200,000 rather than giving him a personal check. Four of the cashier's checks, totaling approximately \$129,883, were made payable to four different Firm customers, including a \$15,500 cashier's check made payable to OAO, which Montanez-Gonzalez used to repay OAO for the money he borrowed in April 2008.¹ Montanez-Gonzalez got the fifth cashier's check reissued as two cashier checks. The first, in the amount of approximately \$13,988, was used to pay yet another Firm customer. The second, in the amount of \$56,128, was made payable to Pershing. Montanez-Gonzalez intended to deposit the check in his personal account at Pershing, but he instead held onto the check.

Customer CCB

On November 24, 2008, Montanez-Gonzalez borrowed \$120,000 from another Firm customer, CCB. Montanez-Gonzalez evidenced this loan by giving CCB a promissory note stating that he would pay 6% annual interest on the principal and would return the loan by November 24, 2010. Similar to DPA, Montanez-Gonzalez instructed CCB to obtain a cashier's check of \$120,000 made payable to another Firm customer.

¹ The \$15,500 cashier's check represented principal plus interest.

Montanez-Gonzalez has never repaid either or DPA or CCB.

By virtue of his conduct in the accounts of customers DPA, CCB, OAQ, Montanez-Gonzalez violated NASD Conduct Rules 2370 and 2110.

Misrepresentations to Customers

Starting as early as 2006, Montanez-Gonzalez made material misrepresentations to approximately 67 Firm customers concerning the features and guarantees of variable annuities that he sold to them. Specifically, in connection with soliciting these customers to buy variable annuities, Montanez-Gonzalez misrepresented that the variable annuities had no surrender charges and that the interest and principal were guaranteed.

By virtue of his conduct, Montanez-Gonzalez violated NASD Conduct Rule 2110.

Failure to Cooperate

By letters dated April 16, 2009 and June 5, 2009, FINRA staff requested information from Montanez-Gonzalez pursuant to FINRA Procedural Rule 8210. Montanez-Gonzalez failed to respond to those requests.

By virtue of his conduct, Montanez-Gonzalez violated FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

OTHER FACTORS

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

- A bar from association with any FINRA regulated broker-dealer in any capacity.

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.

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).

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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

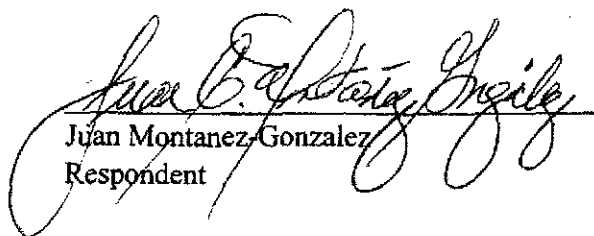
I understand that:

- 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.

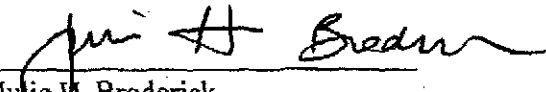
04-12-2010
Date


Juan Montanez-Gonzalez
Respondent

Accepted by FINRA:

4/29/10
Date

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


Julie H. Broderick
Director
Department of Enforcement
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