

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008016455601**

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REGISTRATION & DISCLOSURE

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

RE: Anthony Brent Faithauer, Respondent
CRD No. 4538315

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Anthony B. Faithauer ("I," "Faithauer" 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

Faithauer first became associated with Guaranty Brokerage Services, Inc. (the "Firm"), a FINRA regulated broker-dealer, in May 2002. Faithauer was registered as an Investment Company Products/Variable Contracts Representative with the Firm from July 2002 until December 2008. Faithauer has not been associated with a FINRA regulated broker-dealer since his termination from the Firm in December 2008. 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 Faithauer's last termination of registration from a FINRA regulated broker-dealer.

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OVERVIEW

Between February 2007 and December 2008, Faithauer, while registered with the Firm, misappropriated approximately \$850,000 from five of his customers. He also borrowed \$90,000 from another customer, even though Firm procedures prohibited borrowing money from customers. In addition, Faithauer also failed to respond to FINRA's requests for information made pursuant to FINRA Procedural Rule 8210.

By virtue of his conduct, Faithauer violated NASD Conduct Rules 2330, 2370, 2110, IM-2310-2, FINRA Conduct Rule 2010 and FINRA Procedural Rule 8210.

FACTS AND VIOLATIVE CONDUCT

Misappropriation, Forgery and Borrowing Funds

Customer RC

In November 2008, Faithauer withdrew \$37,600 from his customer RC's variable annuity without her knowledge or authorization by forging RC's name on the variable annuity distribution form. Similarly, in December 2008, Faithauer withdrew \$20,000 from RC's variable annuity, without her knowledge or authorization by forging RC's signature on the variable annuity distribution form. After receiving the disbursement checks, Faithauer was able to convert the funds by forging RC's signature on the checks without her authorization. Faithauer used the funds for his own personal benefit.

In total, Faithauer misappropriated a total of \$57,600 from customer RC. Faithauer's actions constitute violations of NASD Conduct Rules 2330, 2110 and IM-2310-2.

Customer BH

Between January 2008 and October 2008, Faithauer forged his customer BH's signature on nine variable annuity distribution forms and requested partial distribution from BH's variable annuity without her knowledge or authorization. After receiving the disbursement checks, Faithauer was able to convert the funds by forging BH's signature on the checks without her authorization. Faithauer used the funds for his own personal benefit. In total, Faithauer misappropriated approximately \$262,195 in this manner from BH.

Further, between August 2007 and August 2008, Faithauer withdrew money from BH's

checking account at Guaranty Bank¹ by completing withdrawal slips without her knowledge or authorization. In this manner, Faithauer misappropriated approximately \$200,000 from BH's checking account. Faithauer used the funds for his own personal benefit.

Faithauer's actions constitute violations of NASD Conduct Rules 2330, 2110 and IM-2310-2.

Customer KF

In September 2008, Faithauer recommended that his customer KF surrender his two fixed annuities to fund his purchase of two life insurance policies for \$100,000 each. After Faithauer received the two surrender checks, totaling approximately \$254,000, Faithauer was able to convert the funds by forging KF's signature, without KF's knowledge or authorization. He instructed a bank teller at Guaranty Bank to issue four cashier's checks. Two of the checks, totaling \$180,000, were deposited in customer RC's variable and fixed annuity accounts, to cover losses in those accounts. The two other cashier's checks, totaling \$74,000, were deposited into Faithauer's personal account. The life insurance policies for KF were never funded. Faithauer used \$ 74,000 for his own personal benefit.

In total, Faithauer misappropriated approximately \$254,000 from KF. Faithauer's actions constitute violations of NASD Conduct Rules 2330, 2110 and IM-2310-2.

Customer JM

In September 2008, Faithauer recommended that his customer JM buy a life insurance policy for \$50,000. Faithauer provided JM with a copy of an insurance policy that was never issued. Faithauer took the premium amount of \$50,000 and used the funds for his own personal benefit rather than to pay the insurance premium.

In total, Faithauer misappropriated \$50,000 from JM. Faithauer's actions constitute violations of NASD Conduct Rules 2330, 2110 and IM-2310-2.

Customer MB

In November 2008, Faithauer's customer MB requested that Faithauer partially surrender \$30,000 from his fixed annuity and deposit the funds into his variable annuity. When Faithauer received money from the fixed annuity, rather than deposit the money in MB's variable annuity, Faithauer used the funds for his own personal benefit.

¹ The Firm had a networking agreement with Guaranty Bank in which the Firm provided securities products and services on the premises of the bank.

Faithauer's actions constitute violations of NASD Conduct Rules 2330, 2110 and IM-2310-2.

Customer AW

In February 2007, Faithauer borrowed \$90,000 from a Firm customer, A.W. Faithauer evidenced this loan by signing a promissory note. According to the note, Faithauer agreed to pay interest in the amount of 5.5% payable annually and make a minimum principal payment of \$10,000 each year until the loan was paid in full. The Firm's written procedures prohibited registered representatives from borrowing money or securities from customers under any circumstances.

Faithauer's actions constitute violations of NASD Conduct Rules 2370 and 2110.

Failure to Cooperate

By letters dated January 7, 2009, February 9, 2009, June 15, 2009 and July 1, 2009, FINRA staff requested information from Faithauer pursuant to FINRA Procedural Rule 8210. Faithauer failed to respond to those requests.

Faithauer's actions constitute a violation of FINRA Procedural Rule 8210 and FINRA Conduct Rule 2010.

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 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.

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.

10/04/2009
Date

Anthony B. Faithauer
Anthony B. Faithauer
Respondent

Accepted by FINRA:

10/26/09
Date

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

Julie H. Broderick
Julie H. Broderick
Director
Department of Enforcement
FINRA
14 Wall Street
New York, New York 10005
Phone: 646-315-7313
Fax: 202-689-3414