

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2009016911201**

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

**RE:** James Leo Carroll, Respondent  
CRD No. 4351382

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, James Leo Carroll, 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**

Carroll entered the securities industry in 2001. In October 2003, he became a registered representative with Park Avenue Securities, LLC ("Park Avenue" or "the firm"). In March 2010, Park Avenue terminated Carroll based on an undisclosed private securities transaction and an undisclosed outside business activity.

Carroll is not currently associated with a FINRA member firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

Carroll has no relevant disciplinary history.

**OVERVIEW**

In 2008, while registered with Park Avenue, Carroll engaged in a private securities transaction without providing prior written notice to Park Avenue. In addition, from October 2008 until early February 2009, while still registered with Park Avenue, Carroll engaged in two outside

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business activities, again without providing prompt written notice to the firm.

## **FACTS AND VIOLATIVE CONDUCT**

### **Carroll Failed to Disclose a Private Securities Transaction**

In the spring of 2008, Carroll invested approximately \$100,000 of his own money in what was later determined to be a \$400 million Ponzi scheme. Carroll reinvested the interest he earned and ultimately made a \$25,000 profit from his investment. Carroll did not invest any customer funds in the Ponzi scheme. Carroll did not disclose his private securities transaction to Park Avenue until after the Ponzi scheme collapsed in January 2009 and Park Avenue's home office began investigating possible involvement by its registered representatives. Accordingly, Carroll violated NASD Rules 3040 and 2110.

### **Carroll Failed to Disclose Outside Business Activities**

From October 2008 until early February 2009, Carroll worked as a consultant for a "factoring company," which purchased accounts receivables at a discount from businesses in immediate need of cash. In exchange for locating businesses in need of financing, Carroll received \$12,500 per month. Separately, in April 2009, Carroll introduced an individual to a real estate financing deal in exchange for a \$15,000 finder's fee.

Carroll did not provide prompt written notice to Park Avenue regarding his involvement with either of these outside business activities. As a result of these failures to disclose, Carroll violated NASD Rules 3030 and 2110, and FINRA Rule 2010.

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

1. A suspension from association with any FINRA member in all capacities for 30 calendar days; and
2. a fine of \$7,500.

The fine shall be due and payable either immediately upon reassociation with a FINRA firm after the 30-day suspension noted 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

## **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 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:

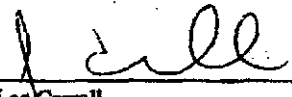
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
3. 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.

Date

6/14/11

James Leo Carroll



Reviewed by:

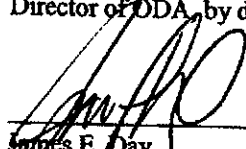


Brian Kennedy, Esq.  
Counsel for Respondent  
Law Office of Brian Kennedy  
909 Third Avenue, 28th Floor  
New York, NY 10022  
(212) 687-0099 (Phone)

Accepted by FINRA:

7/5/01  
Date

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

  
James E. Day

Associate Vice President and Chief Counsel  
FINRA Department of Enforcement  
1801 K Street NW, Suite 800  
Washington, DC 20006  
202-974-2917 (Phone)  
202-721-8303 (Fax)