

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
MATTER NO. 20090169463**

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

RE: Catherine Leigh Brown, Respondent
Registered Representative
CRD 1332036

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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 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 1986. Respondent was registered with National Planning Corporation ("NPC" or the "Firm"), a FINRA regulated broker-dealer, from July 1999 to January 15, 2009. Respondent was registered with Woodbury Financial Services, Inc, a FINRA regulated broker-dealer on January 15, 2009. Woodbury terminated Respondent's employment in February 2009, and filed a Form U-5 on February 18, 2009 that stated "[r]epresentative was terminated for depositing personal funds into a customer's account during her affiliation with National Planning Corporation."

FINRA retains jurisdiction over Respondent as Respondent is currently associated with a FINRA regulated broker-dealer.

RELEVANT DISCIPLINARY HISTORY

Respondent has no relevant disciplinary history in the securities industry.

OVERVIEW

From November 26, 2007 to December 3, 2008 (the "Relevant Period"), Respondent violated NASD Rule 2110 when she deposited \$89,000 of personal funds as a gift into a customer's NPC account, in violation of NPC's procedures, and made misstatements on a Firm compliance certification pertaining to the deposited funds.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2110 requires FINRA regulated broker-dealers and their associated persons to observe high standards of commercial honor and just and equitable principles of trade.

Respondent Deposited Personal Funds in a Customer Account

NPC's policies and procedures required associated persons to report gifts to customers in excess of \$100.

During the Relevant Period, Respondent deposited \$89,000 of her personal funds as gifts into customer DC's account. Respondent made nine deposits over the course of approximately one year in various amounts between \$2,000 and \$25,000 by personal check or wire transfer to NPC's clearing firm, Pershing LLC ("Pershing"), for the benefit of DC. Respondent deposited the gifts into DC's account without reporting them to NPC.

Respondent Made Misstatements on a Firm Compliance Questionnaire

In April 2008, Respondent completed a compliance questionnaire for the Firm's annual compliance inspection of Respondent's branch office in Palm Desert, California. On April 28, 2008, Respondent executed an electronic signature for the compliance questionnaire. Before completing the compliance questionnaire, Respondent had made three deposits of personal funds by check or wire transfer for a combined total of \$39,000 into DC's account. After completing the compliance certification, Respondent deposited an additional \$50,000 by check or wire transfer into DC's NPC account.

In the questionnaire, Respondent was asked the following question:

Have you or any Representative given to or received a gift from a client in excess of \$100? a. If yes, was the gift reported via the Firm's online Gift Reporting tool within (10) business days of the event?

Despite the cash gifts Respondent earlier deposited into DC's account, Respondent falsely answered "no" to this question.

In the questionnaire, Respondent was also asked the following question:

Have you or any of your Representatives issued a check from your personal or DBA checking account to a client?

Respondent answered "yes" to this question. For the "yes" response, the compliance questionnaire shows the following explanation:

For professional services that clients provided to her personally, only.

Respondent's explanation failed to account for her earlier issuance of checks that were deposited in DC's NPC account.

Brown violated NASD Rule 2110 when she deposited personal funds as gifts into a customer's account, in violation of NPC's policies and procedures on giving gifts to customers, and made misstatements on a compliance certification when questioned about any gifts and/or checks given to customers.

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

- 15 business-day suspension;
- \$7,500 Fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 15 business 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. Respondent specifically and voluntarily waives any right to claim that she is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

Respondent understands that if she is barred or suspended from associating with any FINRA member, she 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. 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 her;
- 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; and

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 her;
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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

1/17/12
Date

Catherine Leigh Brown
Catherine Leigh Brown

Reviewed by:

David L. Casterline
David L. Casterline
Attorney at Law
Counsel for Respondent
307 Hopkins Avenue
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Accepted by FINRA:

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

3/7/12
Date

Susan Light
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