

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009017346703**

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

RE: Jill Moat, Respondent
(CRD No. 4916242)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Jill Moat entered the securities industry in August 2004 when she began working at CM Securities, LLC ("CM"). Moat became Series 7 and Series 63 registered through CM on March 14, 2005 and April 11, 2005, respectively. Moat voluntarily terminated her employment with CM on February 1, 2008. From February 18, 2009, until March 5, 2013, Moat was registered with another FINRA-regulated firm. Moat is not currently employed with a FINRA-regulated firm. Pursuant to Article V, Section 4 of the FINRA By-laws, FINRA retains jurisdiction over Moat until at least March 5, 2015.

OVERVIEW

From May 2005 through November 2005 (the "Relevant Period"), Moat recommended and effected three purchases of a real estate investment trust ("RFIT") to a customer. Moat's recommendations were unsuitable given the customer's age, income, amount of investable assets, investment objectives and

risk tolerance. Most also inaccurately represented the customer's financial status on the customer's new account document ("NAD") and subscription agreements (the "Agreements") and inaccurately marked the customer's REIT purchases as unsolicited on the Agreements when they were, in fact, solicited.

By virtue of this conduct, Most violated NASD Rules 2310, 3110 and 2110.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2310 states that in recommending to a customer the purchase, sale or exchange of any security, a member shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs.

NASD Rule 3110(a) provides that "Each member shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations, and statements of policy promulgated thereunder and with the Rules of this Association and as prescribed by SEC Rule 17a-3."

NASD Rule 2110 requires that registered representatives observe high standards of commercial honor and just and equitable principles of trade.

Background: CM and Desert Capital REIT

In or about December 2003, Todd B. Parriott ("Parriott")¹ established CM to be the dealer-manager for Desert Capital REIT ("DCR"). Parriott was the primary shareholder, President and Chief Executive Officer ("CEO") of CM. Before CM was established, Parriott was the president of a company that underwrote trust deeds, highly collateralized short-term loans, for investors in development and real estate in Las Vegas. In November 2004, a wholly-owned subsidiary of DCR agreed to acquire that company (the "Affiliate"), and the purchase was completed in October 2005.

Most was dually employed as an investment representative at the Affiliate and a registered representative at CM and sold both trust deeds and DCR.

¹ On December 27, 2012, FINRA approved a settlement with Parriott and CM in which Parriott and CM consented to findings that they, among other things, violated NASD Rules 2310, 3110 and 2110 by acting through certain employees to make unsuitable recommendations and enter and maintain inaccurate information on the NADs and Agreements of GB and six other customers. Parriott and CM agreed to a sanction that includes restitution to the customers of which \$26,180 is joint and several with Most. See, Case No. 20090173467-02.

DCR was a publically registered, non-traded REIT with a portfolio of trusts deeds. All of the trust deeds in DCR's portfolio were originated and serviced through the Affiliate. DCR financed the funding and purchases of the Affiliate's trust deeds, in part, through equity capital raised by CM. The trust deeds were structured to receive monthly interest payments during the life of the loans, which were distributed to investors as dividends and a balloon payment upon maturity.

DCR was a Risky Speculative Investment

DCR was a speculative investment involving a high degree of risk, including the risk of payment default on DCR's investments in balloon mortgage, sub-prime loans and/or non-investment grade loans. In addition, DCR common stock was not publicly traded and there was no assurance that such a market would develop. Accordingly, investors risked that they may never be able to sell their DCR shares. In fact, the DCR prospectuses indicated that DCR shares should only be purchased if the investor could afford a complete loss.

DCR's minimum financial suitability requirements for each customer, as disclosed in the prospectus, was either \$45,000 in income and \$45,000 total net worth or \$150,000 total net worth.

On or about February 22, 2008, DCR suspended sales of new DCR shares and reduced the dividend for existing shareholders. In or about October 2008, DCR suspended all shareholder dividends. In December 2008, DCR devalued its shares to \$1.47 a share. A Chapter 11 involuntary petition for bankruptcy was filed against DCR on or about April 29, 2011 and its shares have no current value.¹

Moat Made Unsuitable Recommendations to Customer GB to Purchase Shares of DCR and Listed Inaccurate Information on New Account Documents and Agreements

GB was 81 years old in May 2005 when he opened an account at CM with Moat. At the time that he opened his CM account, GB had been an existing customer of the Affiliate and owned trust deeds offered by the Affiliate. GB's NAD and the Agreements listed his risk tolerance as Moderate Risk, and his investment objective as Income (Return Emphasis). CM defined the investment objective of "Income (Return Emphasis)" on the bottom of its NADs as: "Seeks income at or above current market levels through a broad range of investments and strategies that may involve an above average degree of risk."

¹ On January 11, 2012, CM filed a Form BDW with FINRA to withdraw its registration from the Securities and Exchange Commission ("SEC"). The SEC terminated CM's registration on March 20, 2012.

Moat inaccurately listed GB's total net worth as \$45,000 and his income as \$45,000, on his NAD and Agreements. GB's actual income was approximately \$18,300 and he had investable assets of \$63,000, which included his approximately \$39,000 investment in trust deeds through the Affiliate.

When the trust deeds matured, Moat recommended that GB reinvest the money in DCR and effected the following three purchases of DCR in GB's account, totaling \$39,020:

- May 19, 2005 for \$10,100;
- June 22, 2005 for \$25,720;
- November 10, 2005 for \$3,200.

Moat incorrectly listed all three solicited DCR purchases as unsolicited on the Agreements.

As a result of the above purchases, GB's investable assets held with CM and the Affiliate were concentrated at 62% in real estate-based investment products with each and every solicited purchase of DCR, and ultimately at 62% in DCR.

This unsuitable concentration level exposed GB to a risk of loss that was inconsistent with his stated risk tolerance of Moderate Risk and his stated investment objective of Income (Return Emphasis).

GB also did not meet DCR's minimum financial suitability requirements, as disclosed in the DCR prospectus of either \$45,000 in income and \$45,000 total net worth or \$150,000 total net worth. GB lost his entire principal investment in DCR. GB's current income is \$14,903 a year from Social Security and has \$10,000 a bank account.

By recommending the unsuitable DCR purchases to GB and entering inaccurate information on his NAD and Agreements, Moat (i) violated NASD Rules 2310 and 2110; and (ii) caused CM to maintain inaccurate business records, in violation of NASD Rules 3110(a) and 2110.

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

- A suspension from association with any FINRA member in all capacities for a period of 45 days; and
- An order to pay restitution in the amount of \$26,180 to Customer GB joint and several with Parriott and CM.

Moat 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, Moat 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).

Moat has submitted a sworn financial statement and demonstrated a limited ability to pay. In light of the Moat's financial status, the sanctions do not include a monetary fine.

Restitution is ordered to be paid to the customer, GB, listed on Attachment A hereto in the total amount of \$26,180 jointly and severally with Parriott and CM.

Moat has submitted a sworn financial statement and demonstrated an inability to pay full restitution immediately upon issuance of the AWC. In light of Moat's financial status, partial restitution of \$13,090 to customer GB shall be due and payable when Moat receives notice that this AWC has been accepted. Moat shall pay the remaining \$13,090 to customer GB on or before February 28, 2014, subject to any restitution payments made by Parriott or CM prior to that date.

Moat shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution after each payment due under the installment plan. Such proof shall be submitted to Cynthia Kitay, FINRA Department of Enforcement, 1 World Financial Center, 200 Liberty Street, New York, New York 10281-1003 either by letter that identifies Moat and the case number and includes a copy of the check, money order or other method of payment or by e-mail, with pdf copies of the payment documentation to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 15 days after each payment is due.

If for any reason Moat cannot locate the customer identified in Attachment A after reasonable and documented efforts within 15 days from the date each payment is due under the installment plan, or such additional period agreed to by a FINRA staff member in writing, Moat shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Moat shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

Moat has specifically and voluntarily waived any right to claim an inability to pay at any time hereafter the monetary sanction(s) imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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, 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.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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.

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.

2/29/2013
Date

Jill Moat
Jill Moat,
Respondent

Reviewed by:

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Accepted by FINRA:

4 - 22 - 13
Date

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

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