

**FINANCIAL INDUSTRY REGULATORY AUTHORITY ("FINRA")**

**OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

PEGGY SUE HARRELL,  
(CRD No. 4460320)

Respondent.

Disciplinary Proceeding  
No. 2009019962301

**COMPLAINT**

The Department of Enforcement alleges:

**RESPONDENT AND JURISDICTION**

1. Peggy Sue Harrell ("Harrell") entered the securities industry in 2001 when she was employed by a FINRA member firm. Harrell became registered with FINRA as an investment company and variable contracts products representative in October 2002. Harrell was associated with this FINRA member firm from September 2001 through February 2006. Harrell then became registered with FINRA member firm UVest Financial Services Group, Inc. ("UVest") from February 2006 until February 2009. Harrell became registered with another FINRA member firm in June 2009. On October 6, 2009, Harrell's firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") on behalf of Harrell disclosing that she had been terminated by the firm on October 5, 2009.
2. Harrell is not currently associated with a FINRA member firm, but she remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws, in that the violation alleged in the Complaint occurred, and this Complaint was filed, within two years of her last association with a FINRA member.

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## **SUMMARY**

3. Harrell, while associated with a FINRA member firm, committed and pled guilty to two felonies, bank fraud and embezzlement by a bank officer or employee. Harrell also failed to respond to FINRA's requests, made pursuant to FINRA Rule 8210, for information in connection with an investigation of these guilty pleas.

## **FIRST CAUSE OF ACTION**

### **NASD CONDUCT RULE 2110 AND FINRA CONDUCT RULE 2010**

#### **(Bank Fraud and Embezzlement)**

4. The Department re-alleges and incorporates by reference paragraphs 1 through 3 above.
5. From July 2006 through February 2009, Harrell, while registered with Uvest and employed by an affiliated bank (the "Bank"), obtained loans from the Bank in the names of her husband and another individual by using certificates of deposit in her husband's name as collateral, deposited the loan proceeds in her bank account, and withdrew money from the certificates of deposit, all without her husband's knowledge or permission.
6. From October 2008 through February 2009, Harrell, while registered with Uvest and employed by the Bank, embezzled in excess of \$1,000 from the Bank by fraudulently creating debit tickets from the Bank's general ledger accounts and depositing the money into her own account.
7. On September 10, 2009, Harrell was criminally charged in the United States District Court for the Southern District of Mississippi with two felony counts under 18 U.S.C. § 1344 (bank fraud) and 18 U.S.C. § 656 (embezzlement by a bank officer or employee).
8. On September 30, 2009, Harrell entered a guilty plea to both counts of the criminal information.
9. On January 26, 2010, Harrell was sentenced to serve a year and a day in federal prison and to pay \$39,380.60 in restitution to the Bank. She reported to the Federal Correctional Institution in Marianna, Florida on March 15, 2010 and is presently incarcerated.
10. Such acts, practices and conduct constitute separate and distinct violations by Respondent Harrell of NASD Conduct Rule 2110 with respect to the conduct that occurred before December 15,

2008, and FINRA Conduct Rule 2010 with respect to the conduct that occurred on or after December 15, 2008.

## **SECOND CAUSE OF ACTION**

### **FINRA CONDUCT RULE 2010 AND FINRA PROCEDURAL RULE 8210**

#### **(Failure to Respond to Information Requests)**

11. The Department re-alleges and incorporates by reference paragraphs 1 through 10 above.
12. On October 6, 2009, Harrell's firm filed a Form U5 on behalf of Harrell. The Form U5 indicates that Harrell had been terminated after the firm learned that she had pled guilty to felony counts of bank fraud and embezzlement. FINRA initiated an investigation into the disclosures on her Form U5.
13. On December 4, 2009, FINRA sent a letter to Harrell via first class and certified mail addressed to her residential CRD address [REDACTED]. The letter requested, pursuant to FINRA Rule 8210, that Harrell submit a detailed written statement regarding the charges to which she pled guilty. The December 4, 2009 letter requested that the statement be submitted no later than January 4, 2010.
14. The December 4, 2009 letter sent by first class mail was not returned. The December 4, 2009 letter sent by certified mail was signed for by "Peggy S. Harrell" on December 8, 2009. Harrell failed to respond by the January 4, 2010 deadline.
15. On January 13, 2010, FINRA sent a second letter to Harrell via first class and certified mail addressed to her residential CRD address. This letter again requested, pursuant to FINRA Rule 8210, that Harrell submit a detailed written statement regarding the charges to which she pled guilty. The January 13, 2010 letter requested that the written statement be submitted no later than January 27, 2010.

16. The January 13, 2010 letter sent by first class mail was not returned. The January 13, 2010 letter sent by certified mail was signed for by "Peggy S. Harrell" on January 19, 2010. Harrell failed to respond by the January 27, 2010 deadline.
17. As of the date hereon, Harrell has not responded to FINRA's requests for a written statement regarding the guilty plea disclosed on the Form U5 filed by her firm. Harrell's failure to submit the requested written statement impeded FINRA's investigation and prevented FINRA from completing its regulatory responsibility to fully investigate potential rule violations.
18. Such acts, practices and conduct constitute separate and distinct violations of FINRA Rules 2010 and 8210 by Respondent Harrell.

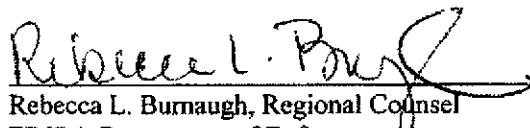
#### **RELIEF REQUESTED**

WHEREFORE, the Department respectfully requests that the Panel:

- A. Order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed.
- B. Order that the Respondent bear such costs of the proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330.

#### **FINRA DEPARTMENT OF ENFORCEMENT**

Date: May 11, 2010

  
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