

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009020217101**

**To: Department of Enforcement
FINRA**

**Re: John Michael Leonard
General Securities Representative
(CRD No. 2254243)**

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

John Michael Leonard entered the securities industry in August 1992. From October 5, 2006 through October 19, 2009, Leonard was associated with FINRA broker-dealer Workman Securities Corporation and was registered with FINRA as a general securities representative.

Leonard is not currently associated with any FINRA broker-dealer. However, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws.

Relevant Disciplinary History

Leonard has not been the subject of prior formal disciplinary action by FINRA or its predecessors.

Overview

Leonard made unsuitable recommendations of private placements offered by Provident Royalties, LLC to thirteen customers in 2008. Through this

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conduct, Leonard violated NASD Conduct Rules 2310 and 2110, and FINRA Rule 2010.

Facts and Violative Conduct

From at least September 2006 through January 2009, Provident Royalties, LLC conducted a series of 23 private placements. The Provident business plan included the acquisition of a combination of producing and non-producing sub-surface mineral interests, working interests and production payments in real property located within the United States.

The Provident offerings were sold under an exemption from registration pursuant to Rule 506 of Regulation D. The offerings were virtually identical and promised monthly dividends to the investors.

In January 2009, Provident stopped paying the dividends promised in the private placements and ceased doing business. In July 2009, the SEC filed a civil injunctive action against Provident and its affiliates. As a result of the SEC action, a receiver was appointed to take control of the Provident entities and to preserve the assets for the benefit of the investors.

Leonard recommended and sold the Provident private placements as a regular part of his business. In 2008, he recommended and sold Provident private placements to thirteen customers for whom such recommendations and transactions were unsuitable. These recommendations were unsuitable for these customers because the Provident product was inconsistent with their investment objectives, net worth or income. These recommendations were also unsuitable because the Provident product created an overconcentration of alternative investments in the customers' investment accounts.

Through this conduct, Leonard violated NASD Conduct Rules 2310 and 2110, and FINRA Rule 2010.

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

- A suspension from association with any FINRA broker-dealer in any capacity for two years; and
- A fine of \$25,000

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The fine shall be due and payable either immediately upon reassociation with a FINRA broker-dealer, or prior to any application of request from relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Leonard understands that if he is barred or suspended from associating with any FINRA member; he becomes 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, Leonard 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.)

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

Leonard specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Leonard;
- 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, Leonard 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.

Leonard 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

Leonard 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 Leonard; and
- C. If accepted:
 - 1. this AWC will become part of Leonard's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Leonard;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Leonard'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. Leonard 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. Leonard 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 Behrends' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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

Date: 9/16/2011

John Michael Leonard
JOHN MICHAEL LEONARD



Reviewed by:

Counsel for John Michael Leonard

Accepted by FINRA:

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

9/30/11
Date

By: James M. Stephens
James M. Stephens
Senior Regional Counsel
120 West 12th Street, Suite 800
Kansas City, MO 64105
Telephone: (816) 802-4710
Facsimile: (816) 421-4519
Email: james.stephens@finra.org