

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009020417501**

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

**RE: Thomas Redmond
General Securities Representative
CRD No. 4116004**

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.

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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

Redmond entered the securities industry in January 2000, when a Form U4 was filed on his behalf by a FINRA member firm. Redmond subsequently registered with five other FINRA member firms, including Capital Financial Services, Inc. ("CFS") and NEXT Financial Group, Inc. ("NEXT"). Redmond was terminated from NEXT on October 5, 2009. During his career in the securities industry, Redmond obtained Series 6, 22, 62, 63, and 65 licenses.

Redmond is not currently registered with a FINRA member; however, he remains subject to FINRA's jurisdiction for the purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's Bylaws, because: (i) an amendment to Redmond's Form U5 termination notice was filed by NEXT on September 8, 2010; and (ii) the Form U5 amendment alleges that Redmond was engaged in misconduct while he was associated with the firm. Therefore, FINRA's jurisdiction over Redmond extends to September 7, 2012.

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RELEVANT DISCIPLINARY HISTORY

Redmond has no relevant prior disciplinary history.

OVERVIEW

Redmond made unsuitable investment recommendations, failed to follow customer instructions, forged customer signatures, and made misrepresentations while selling securities to a customer.

FACTS AND VIOLATIVE CONDUCT

Between August 2007 and early 2008, while associated with member firm CFS, Redmond made unsuitable investment recommendations to customer S.J., a then-60 year-old widow. Redmond recommended that she invest 47.5% of her available funds in high risk investments, including \$100,000 in an oil and gas offering by Provident Royalties LLC ("Provident").¹ Redmond knew S.J. was a widow with minimal investment experience, and was looking to preserve her assets and invest conservatively. As a result, Redmond's recommendation to invest 47.5% of her available funds in high risk investments was unsuitable.

In addition, Redmond failed to follow S.J.'s instructions in connection with the purchase of a variable annuity. Specifically, he failed to follow S.J.'s instruction to elect the minimum income benefit rider on the variable annuity.

In or around May 2008, while associated with member firm NEXT, Redmond forged the signatures of customers W.W. and M.W. on subscription agreements to purchase interests in a Provident offering. Redmond signed the customers' names without their express authorization or consent.

On or about August 19, 2008, Redmond made misrepresentations to customer R.H. while soliciting him to invest in Provident. Specifically, Redmond falsely claimed that he had personally invested "a third of his assets" in Provident. In fact, Redmond had not invested in Provident.

Through this conduct, Redmond violated NASD Conduct Rules 2310 and 2110.

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

A bar from association with any FINRA member in any capacity.

¹ On July 1, 2009, the Securities and Exchange Commission charged Provident, its affiliates, and control persons with operating a \$485 million offering fraud scheme. See *SEC v. Provident Royalties, LLC, et al.*, 3-09-CV-1238-L, N.D. Tex. (2009).

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The sanctions imposed herein shall be effective on a date set by FINRA staff.
Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon
approval or acceptance of this AWC.

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:

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- 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.**
- D. I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I 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 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.

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10/21/2011
Date


THOMAS REDMOND

Accepted by FINRA:

10/25/2011
Date

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


Robert Long, Senior Regional Counsel
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