

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010020829802**

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

RE: Henry Walker, Jr., Respondent
Investment Company and Variable Contracts Products Representative, General Securities
Representative and Principal
CRD No. 2823447

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

Henry Walker, Jr. ("Walker") entered the securities industry in November 1996, when he was employed by a FINRA member firm. Walker was first registered as an investment company and variable contracts products representative in February 1997. Walker was registered by another FINRA member firm from January 2002 until September 2008. In September 2008, Walker was employed by FINRA member firm Reliance Securities, LLC ("Reliance") and was registered as an investment company and variable contracts products representative, general securities representative and as a general securities principal. Walker remained with Reliance, which was renamed First Legacy Securities, LLC ("FLS"), until January 29, 2010. Walker is not currently employed by a FINRA member firm and does not have a disciplinary history.

OVERVIEW

Walker directed the sale of unregistered securities, namely promissory notes issued by First Legacy Investors, Inc. ("FLI"), that were neither registered pursuant to Section 5 of the Securities Act of 1933 ("Securities Act") nor exempt from registration, in violation of FINRA Rule 2010.

Walker further failed to provide material information to investors and caused FLS to fail to provide material information to investors by permitting FLS's registered representatives to sell FLI promissory notes in an unregistered private placement without adequately disclosing material information, in violation of FINRA Rule 2010.

Moreover, Walker made material omissions to investors by selling and permitting FLS's registered representatives to sell preferred stock offered by FLI through a private placement memorandum ("PPM") that omitted to disclose material facts, and further failed to update the PPM when subsequent material events occurred, in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and FINRA Rules 2010 and 2020.

FACTS AND VIOLATIVE CONDUCT

Formation of First Legacy Investors, Inc.

Walker was a majority owner and officer of The Legacy Financial Group, Inc. ("LFG"), an insurance agency and office of supervisory jurisdiction ("OSJ") of Reliance, operating out of an office in Montgomery, Alabama. Walker was the OSJ principal for Reliance and supervised approximately 12 registered representatives in offices throughout Alabama.

In late 2008 or early 2009, Walker created a plan to form First Legacy Investors, Inc. ("FLI"). FLI was incorporated in February 2009, as a full-service financial services firm featuring securities, investment banking, investment advisory services, and insurance. Walker was named Chairman of FLI and later assumed the titles of President and CEO. On April 16, 2009, FLI purchased 90 percent of Reliance and renamed it First Legacy Securities, LLC ("FLS"). FLI also purchased Stock Sale Compliance, LLC (another FINRA member firm), later renamed as First Legacy Global Markets ("FLGM"), and LFG. FLI further created First Legacy Partners, LLC ("FLP") and First Legacy Advisors. All five entities ultimately became subsidiaries of FLI.

The Promissory Note Offering

To finance the foregoing purchases, Walker directed the sale of promissory notes issued by FLI through the Reliance representatives whom he supervised. The notes carried variable short terms of 4-12 months with annualized rates of return of 15-20%. Walker advised the representatives who reported to him of the availability of the promissory notes. No compensation was paid to the representatives who sold the notes, although they were promised an ownership interest in FLI as compensation for their sales. Walker did not prepare a written disclosure document or provide anything in writing to investors other than the promissory notes. Walker did not establish any suitability standards and permitted representatives to sell the notes to any of their clients. Walker did not disclose any risks or provide any cautionary information to investors and the representatives who sold the FLI notes. Instead, the notes were sold based exclusively upon trust in Walker. Walker signed the promissory notes on behalf of FLI.

During the period from February through May 2009, FLI raised \$1,212,914 from the sale of the promissory notes to 39 investors in a total of 40 transactions. Walker personally sold \$145,000 in FLI promissory notes to four investors. These sales were outside the scope of the ordinary business of Reliance and were not recorded on its books and records. The FLI promissory notes were neither registered pursuant to the Securities Act of 1933 nor were they exempt from registration pursuant to Section 4(2) of the Securities Act.

FLI, acting through Walker, failed to disclose numerous material facts to investors purchasing the FLI promissory notes, including but not limited to:

- FLI was a startup business with no operating history;
- FLI had limited capital and was dependent on raising additional capital;
- FLI's principals had limited management experience;

- FLI's ability to pay interest and repay the notes was largely contingent upon the business operations of LFG and FLS;
- LFG had been unprofitable from 2002 through 2007, and showed its first and only profit in 2008;
- FLS generated a loss in 2008; and
- FLS lost a substantial number of its brokers when it was purchased by FLI.

The Preferred Stock Offering

FLI ceased the sale of promissory notes in May 2009. However, it then commenced a best efforts private offering of 5,000 shares of cumulative non-convertible preferred stock. The preferred stock was sold in four series: 1,500 Series A, 1,500 Series B, 1,000 Series C and 1,000 Series D, each with a face amount of \$5,000. Dividends accrued at varying rates on a monthly basis. The preferred stock had terms of two to five years. FLI paid a seven percent commission on the sale of the preferred stock. The offering listed a maximum of \$25,000,000.

A private placement memorandum ("PPM") was prepared at the direction of Walker and distributed to FLS representatives. Walker presented the FLI preferred stock offering at two seminars to prospective investors, provided sales support to FLS representatives selling the FLI preferred stock, and approved sales of FLI preferred stock as a registered principal of FLS. Walker further sold FLI preferred stock to at least one investor.

A Form D was filed with the SEC on June 16, 2009 for the preferred stock offering. The Form D represents that the first sale was on June 3, 2009. However, subscription documents show sales commenced in May 2009. From May through November 2009, FLI sold 343 shares of preferred stock raising \$1,715,000 from 23 investors.

The sale of preferred stock was limited to accredited investors. The FLS representatives who sold the FLI preferred stock did so at the direction of Walker. Walker did not provide any negative or cautionary information regarding FLI. The PPM did not include any current financial information or a balance sheet for FLI. Instead, the PPM included limited pro-forma financial statements for FLI.

The pro-forma financial statements were incomplete, in that they only included financial data for FLS and FLGM (then referred to as First Legacy Capital Markets), the two FINRA member firms owned by FLI. The pro-forma financial statements provided in the PPM failed to include financial data for FLI and two of its subsidiaries, FLP and LFG, both of which carried significant debt. Moreover, the pro-forma financial statements failed to include the debt service required by the promissory notes sold by FLI. By including this debt service, the pro-forma statements would have shown losses rather than projected profits.

The FLI PPM prepared at Walker's direction failed to disclose numerous material facts, including but not limited to:

- LFG had been unprofitable from 2002 through 2007 and showed its first and only profit in 2008;
- FLS generated a loss in 2008; and
- FLS lost a substantial number of its brokers when it was purchased by FLI.

More significantly, over the period when the preferred stock was offered to investors and the PPM was provided to investors, certain material events occurred. Yet the PPM was not amended to reflect subsequent material events, which included but were not limited to:

- By May 2009, FLI had borrowed almost \$1.4 million through short term promissory notes with interest rates ranging from 15% to 20% and these notes would begin maturing as early as August 2009;
- FLS experienced a net capital deficiency for the period ending June 30, 2009;
- Commencing in at least July 2009, FLI experienced cash flow problems significant enough to delay payroll and expense payments;
- The president and CEO of FLGM who was also a director of FLI resigned, and after August 2009, was no longer associated with FLI or any of its affiliates or subsidiaries;
- The president and CEO of FLI resigned on September 18, 2009, and was replaced by Walker; and
- By September 2009, FLU/FLS were experiencing cash flow difficulties such that they were laying off employees to reduce expenses.

All of the foregoing facts were material and were known to Walker by at least September 2009. Moreover, Walker was advised by counsel that these material facts should have been disclosed to investors. Yet Walker failed to ensure that they were disclosed in the PPM or in an addendum to the PPM, and provided to investors. The foregoing material facts were relevant to all sales that occurred from at least September 2009 through November 2009.

Unregistered Offering

Walker directed the sale of securities, namely FLI promissory notes that were neither registered pursuant to Section 5 of the Securities Act nor exempt from registration.

Such acts, practices, and conduct, in contravention of Section 5 of the Securities Act, constitute violations of FINRA Rule 2010 by Respondent Walker.

Material Omissions in Connection with the Promissory Note Offering

Walker omitted to provide material information to investors and caused FLS to omit to provide material information to investors by selling and permitting FLS's registered representatives to sell FLI promissory notes in an unregistered private placement without adequately disclosing material information.

Such acts, practices, and conduct constitute violations of FINRA Rule 2010 by Respondent Walker.

Material Omissions in Connection with the Preferred Stock Offering

Walker knowingly omitted to disclose material facts to investors by permitting FLS's registered representatives to sell preferred stock offered by FLI through a PPM that omitted to disclose material facts, and further failed to update the PPM when subsequent material events occurred.

As a result of the foregoing conduct, Respondent Walker violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and further violated FINRA Rules 2010 and 2020.

- B. I also consent to the imposition of the following sanctions: a bar from association with any FINRA member firm in all capacities.

I understand that if I am barred or suspended from associating with any FINRA member firm, 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 firm in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

I understand that this settlement includes a finding that I violated Section 10(b) of the Exchange Act and Rule 10b-5 and that under Article III, Section 4 of FINRA's By-Laws, that finding subjects me to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(c), 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.

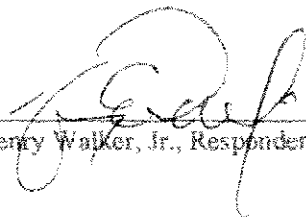
OTHER MATTERS

I understand that:

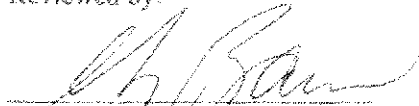
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

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.

March 30, 2012
Date


Henry Walker, Jr., Respondent

Reviewed by:

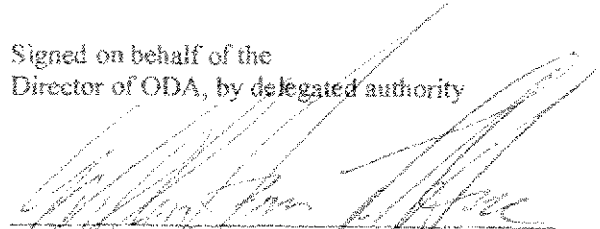


Gary Barnes, Esquire
Counsel for Respondent
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
Monarch Plaza, Suite 1600
3414 Peachtree Road, N.E.
Atlanta, Georgia 30326-1164
Phone: (404) 443-6706; Fax: (404) 238-9636
E-Mail: gbarnes@bakerdonelson.com

Accepted by FINRA:

4/13/2012
Date

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



William Brice LaHue, Senior Regional Counsel
FINRA, Department of Enforcement
One Securities Centre, Suite 500
3490 Piedmont Road, N.E.
Atlanta, Georgia 30305
Phone: (404) 239-6111; Fax: (404) 264-1586
E-Mail: brice.lahue@finra.org