

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100213975-01**

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

RE: Gilbert B. Pugliano, Respondent
General Securities Representative
CRD No. 4702369

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Gilbert B. Pugliano submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Respondent entered the securities industry in August 2003 by filing a Form U4 to become registered at a FINRA member. He first became registered as a General Securities Representative in November 2003. From January 11, 2007 through December 16, 2009, Respondent was registered as a General Securities Representative at FINRA member UBS Financial Services Inc. ("the Firm"). He has not since become registered at or associated with any other FINRA members.

On February 22, 2011, the Firm filed an amendment to Respondent's Form U5 to disclose an arbitration filed by two customers who alleged that, among other things, Respondent had induced their investments through fraudulent and misleading statements.

Respondent has no disciplinary history.

OVERVIEW

Respondent made improper use of customer funds and borrowed money from two customers under circumstances prohibited by NASD Rule 2370. He also failed to

provide information requested by FINRA staff in connection with an investigation.

FACTS AND VIOLATIVE CONDUCT

1. Improper Use of Customer Funds

On May 14, 2007, Respondent successfully solicited a \$26,000 investment from a customer ("Customer 1"). The putative investment consisted of a 49.25% interest in a land lease contract pertaining to tribal lands in the state of Montana. Respondent represented that the returns on the investment would be generated by sub-lease contracts with third-parties. In fact, Respondent never obtained any lease or sub-lease contracts for the land. Instead, he spent Customer 1's money on personal uses.

By making improper use of customer funds, Respondent violated NASD Rules 2330 and 2110.

2. Borrowing from Customers

On August 11, 2008, Respondent borrowed \$32,000 from a second customer ("Customer 2"). On December 2, 2008, Respondent borrowed \$25,000 from Customer 1. On May 19, 2009, Respondent borrowed an additional \$10,000 from Customer 2.

At the time of each of the above-described loans, the Firm's written procedures permitted loans between employees and their customers only under the following circumstances:

- a. The customer is a member of the employee's immediate family;
- b. The customer is a financial institution regularly engaged in the business of providing loans;
- c. The customer is also an employee of the Firm (advance notice to and written approval by the Firm required); or
- d. The lending arrangement is based on a personal or business relationship outside of the Firm's business (advance notice to and written approval by the Firm required).

Customer 1 and Customer 2 were not immediate family members of Respondent. They were not financial institutions engaged in the lending business. And they were not employed by the Firm. Further, Respondent never provided notice of any of the above-described loans to the Firm, and he did not obtain written approval from the Firm to engage in the loans. By borrowing money from his customers under the circumstances described above, Respondent violated NASD Rules 2370 and 2110 with

respect to the loans on August 11, 2008 and December 2, 2008, and NASD Rule 2370 and FINRA Rule 2010 with respect to the loan on May 19, 2009.

3. Failure to Provide Information

On January 13, 2010, FINRA staff opened an investigation based on the Firm's notice on Respondent's Form U5 that he had "resigned after allegations were made which accused him of having unapproved financial relationships with clients." On February 9, 2010 and again on February 23, 2010, FINRA staff sent a written request for information to Respondent at his two current residential addresses as listed in the Central Registration Depository. Among other things, the request included questions about Respondent's outside business activities and loans between Respondent and his clients. Respondent failed to provide the information requested by FINRA staff. He thereby violated FINRA Rules 8210 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A bar from association with all FINRA members in all capacities.

Respondent 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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Respondent 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).

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

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

- To have a Complaint issued specifying the allegations against Respondent;
- To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- 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, Respondent 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.

Respondent 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

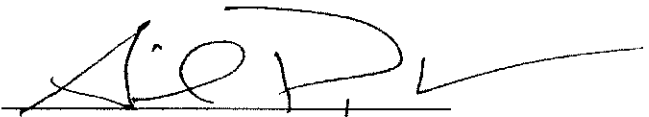
Respondent understands that:

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

Respondent 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 Respondent 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 Respondent to submit it.

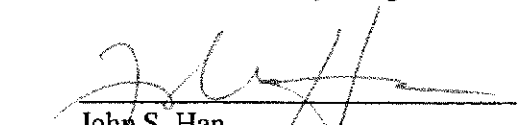
July 13th, 2012
Date (mm/dd/yyyy)


Gilbert B. Pugliano, Respondent

Accepted by FINRA:

08/01/2012
Date

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


John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
One Montgomery Street
Suite 2100
San Francisco, California 94104
(415) 217-1124; Fax: (415) 217-1201