

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010021401001**

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

RE: William R. Whitehurst, Respondent
General Securities Representative
CRD No. 2032031

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

In March 1990, William R. Whitehurst ("Whitehurst") first became registered with FINRA as a General Securities Representative. From September 2001 to March 13, 2009, he was registered with FINRA as a General Securities Representative through member firm Ferris, Baker Watts, LLC ("FBW"). From March 13, 2009 to January 4, 2010, he was registered in that capacity through member firm RBC Capital Markets, LLC when it acquired FBW. Whitehurst is not currently associated with a FINRA member firm. He has no FINRA disciplinary history.

OVERVIEW

Whitehurst improperly borrowed funds from two customers and he provided FINRA staff with false information. This conduct violated

FACTS AND VIOLATIVE CONDUCT

1. In May 2009 and August 2009, Whitehurst borrowed a total of about \$15,000 from customer MA, a customer of his at his employer member firm at that time. The borrowings were unsecured and the loan terms were not memorialized in writing. To date, Whitehurst has repaid only \$10,000 to MA. When these borrowings occurred, Whitehurst's employer member firm prohibited its representatives from borrowing from customers. Whitehurst did not obtain the firm's approval to borrow money from MA, and he did not disclose to it that he had borrowed money from her. Moreover, the borrowing arrangements did not otherwise meet the conditions set forth in NASD Conduct Rule 2370(a)(2). By borrowing money from customer MA in contravention of his employer member firm's written policies and without disclosure to the firm, Whitehurst violated NASD Conduct Rule 2370 and FINRA Rule 2010.

On several occasions in 2007 and 2008, Whitehurst borrowed a total of about \$10,000 from customer AK, a customer of his at his employer member firm at that time. He has since repaid the loans. When these borrowings from AK occurred, the firm's written policies prohibited borrowing from customers unless the firm approved an exception. Whitehurst, however, did not obtain his employer member firm's approval to borrow money from AK, and he did not disclose to it that he had borrowed money from her. Moreover, the borrowing arrangements did not otherwise meet the conditions set forth in NASD Conduct Rule 2370(a)(2). By borrowing money from customer AK in contravention of his employer member firm's written policies and without disclosure to the firm, Whitehurst violated NASD Conduct Rules 2370 and 2110.¹

2. By a letter dated August 9, 2010, FINRA staff requested, pursuant to FINRA Rule 8210, information from Whitehurst as part of an investigation into allegations that he had borrowed money from customers. That letter, among other things, asked if he had borrowed money from any customer other than MA. By a letter dated August 31, 2010, Whitehurst responded to FINRA's letter. In his written response, he stated that, other than from MA, he had not accepted any loans from customers. That statement was materially false because Whitehurst had in fact borrowed money from at least one other customer. By submitting a false written response to FINRA staff, Whitehurst violated FINRA Rules 8210 and

¹ FINRA Rule 2010 is not charged because the funds were borrowed before December 15, 2008.

2010.

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

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

I understand that if I am barred 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 (see FINRA Rules 8310 and 8311).

The sanction 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

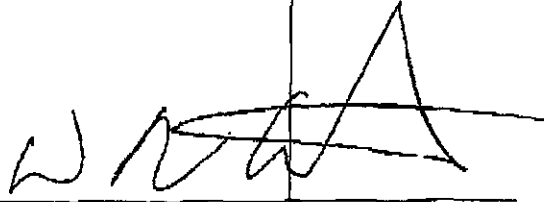
I understand that:

- 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.

02-07-11

Date



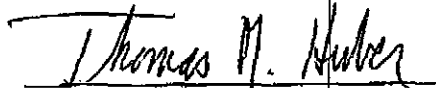
William R. Whitehurst, Respondent

Accepted by FINRA:

February 23, 2011

Date

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



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