

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

JEFFREY L. LARSON
(CRD No. 4816797),

Respondent.

DISCIPLINARY PROCEEDING
NO. 2010021928801

Hearing Officer - MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: July 7, 2011

INTRODUCTION

Disciplinary Proceeding No. 2010021928801 was filed on March 31, 2011, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA) (Complainant). Respondent Jeffrey L. Larson submitted an Offer of Settlement (Offer) to Complainant dated June 28, 2011. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

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the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

From July 26, 2004 through April 1, 2010, Larson was associated with World Group Securities, Inc. as an Investment Company Products/Variable Contracts Representative.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

SUMMARY

Respondent and former World Group Securities, Inc representative, Jeffrey L. Larson solicited and obtained \$51,600.00, in the form of checks payable to "W.F.G. Fund" from an elderly individual after representing that she could increase her investment return by depositing the funds in a high interest earnings savings account. In fact, the "W.F.G. Fund" was not a high interest savings account nor was it affiliated with World Financial Group, the Firm's insurance affiliate. It was a basic bank checking account that Larson owned and controlled. During the staff's investigation, Larson also failed to appear for on-the-record testimony that had been requested pursuant to FINRA Rule 2010.

FIRST CAUSE OF ACTION

In January 2009, Larson represented to GC, a 76 year-old widow, that she could earn a higher rate of return by investing her funds in a particular high interest savings account. At the time, GC was not a Firm customer. Based on Larson's recommendation and direction, GC wrote two checks totaling \$51,600.00 payable to the "W.F.G. Fund": the first check, dated January 29, 2009, was in the amount of \$25,600.00; the second check, dated February 23, 2009, was in the

amount of \$26,000.00. GC gave both checks to Larson who, in turn, promptly deposited each check into a "W.F.G. Fund" account at Wells Fargo Bank.

Contrary to Larson's representations, the W.F.G. Fund was not a high interest savings account. Moreover, it had no relation to the Firm's affiliate, WFG. It was a basic checking account at Wells Fargo Bank that Larson owned and controlled.

Within two weeks of the receipt and deposit of GC's checks, Larson withdrew \$6,000.00 and transferred \$27,800.00 to his day-trading account (at another broker-dealer) and \$17,500.00 to his credit union account.

Larson converted GC's funds for his own use and benefit. His deposit of GC's funds into his personal checking account and the subsequent withdrawals and transfers were accomplished without GC's knowledge, consent, or authorization. In February 2010, G.C. complained to FINRA and others about Larson's conduct. The following month, Larson returned G.C.'s funds to her.

By reason of the foregoing, Respondent acted unethically and violated FINRA Rule 2010.

SECOND CAUSE OF ACTION

Failure to Appear for On-the-Record Testimony

First Request

In connection with its investigations of (i) Larson's conversion and misuse of GC's funds; (ii) possible unethical conduct arising out of the liquidation of GC's variable annuity in January 2009 and her subsequent purchases of equity indexed annuities in January and June 2009; and (iii) possible misuse or conversion of another individual's funds and additional misrepresentations concerning the purported "W.F.G. Fund", FINRA staff requested, pursuant to Rule 8210, that Larson appear for on-the-record ("OTR") testimony at FINRA's Los Angeles

office at 9:00 a.m. on May 27, 2010. The request was sent on May 4, 2010, via first class and certified mail to Larson's CRD Residential Address of record, [REDACTED]
[REDACTED]

On May 13, 2010, the staff received a telephone message from an attorney who stated that he represented Larson. On the following day, the attorney spoke to the staff, confirmed that he represented Larson, discussed resolution of the matter through a possible settlement, and stated that he was unable to appear for an OTR on May 27, 2010.

On May 21, 2010 the staff sent Larson's counsel an email proposing various alternative dates in June 2010 for Larson's testimony. The staff requested that Larson's counsel respond no later than May 25, 2010.

On May 25, 2010, Larson's counsel asked the staff to send a Letter of Acceptance, Waiver and Consent ("AWC") to resolve the matter. On July 9, 2010, the staff sent Larson's counsel a proposed AWC. The accompanying transmittal letter asked that the original signed AWC be returned to the staff no later than July 23, 2010.

On July 26, 2010, the staff emailed Larson's counsel and inquired about the status of the proposed AWC and whether he would be representing Larson in connection with a complaint that FINRA had received regarding the possible misuse and/or conversion of another individual's funds. The following day, Larson's counsel emailed that staff stating that he disagreed with the language in the proposed AWC.

Second Request

On August 11, 2010, pursuant to Rule 8210, the staff sent a letter, via first class and certified mail to Larson's counsel requesting that Larson appear for an OTR at 9:00 a.m. on August 31, 2010 at FINRA's Los Angeles office.

On August 30, 2010, the staff received, via UPS, a two page letter from Larson as well as a copy of the August 11, 2010 letter requesting his appearance for testimony on August 31, 2010. In the letter, Larson stated, among other things, that he “will sign an AWC if it is written where it doesn’t seem like [he is] admitting guilt nor accepting a bar.” Larson did not appear for his scheduled OTR on August 31, 2010.

Third Request

On September 30, 2010, the staff, pursuant to Rule 8210, sent a letter to Larson’s counsel requesting that Larson appear for an OTR at 9:00 a.m. on October 19, 2010 at FINRA’s Los Angeles District Office. The letter warned that a failure to appear may, by itself, subject Larson to disciplinary action which might include a censure, fine, and/or a bar from associating with any FINRA member firm.

Neither Larson nor his attorney responded to the September 30, 2010 letter. Larson failed to appear for his OTR on October 19, 2010.

By reason of the foregoing, Respondent violated FINRA Rules 8210 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

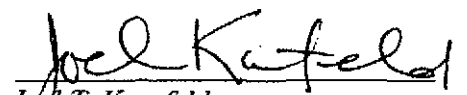
It is ordered that Respondent is barred from association with any FINRA member in any capacity. The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant

to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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


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