

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022082201**

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

RE: Aaron J. Hurst, Respondent
General Securities Representative
CRD No. 5310827

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Aaron J. Hurst, 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

Aaron J. Hurst entered the securities industry in March 2007. From May 10, 2007 to December 19, 2009, he was registered as a General Securities Representative with FINRA member Edward Jones. From December 18, 2009 to December 13, 2011, Hurst was registered as a General Securities Representative with another FINRA member firm. He currently is not associated with any FINRA member firm. Hurst does not have any other regulatory disciplinary history.

OVERVIEW

In or about July 2008, Hurst made unsuitable recommendations to an elderly couple that they switch a closed end fund into a mutual fund with similar objectives and holdings: purchase equity-based mutual funds where the couple's primary investment objective was income; and purchase a municipal bond fund when the customers were in the 15 percent tax bracket, in violation of NASD Rules 2310 and 2110.

In or about January 2009, Hurst provided incomplete and misleading information to a supervisor in response to a written inquiry concerning a variable annuity transaction, in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Unsuitable Recommendations

In or about May 2008, an elderly couple, JV and DV, met Hurst and transferred their three accounts to him, which had an aggregate value of approximately \$300,000.00. JV, the husband, aged 73, was a retired building maintenance supervisor. DV, the wife, aged 69, was employed as a part-time teacher's aide. The couple informed Hurst that their net worth was approximately \$350,000 and their joint income was approximately \$40,000.00 per year, and they were in the 15 % tax bracket. They told Hurst that the sources of their income were social security payments, the wife's part-time income, and monthly interest on their investment accounts. Both husband and wife had limited investment experience and knowledge. Their primary investment objective was income.

On or about July 16, 2008 and July 17, 2008, Hurst recommended that the couple sell shares of a closed end fund (CEF) valued at approximately \$35,000.00 and invest the proceeds into an open-end mutual fund with similar investment objectives and portfolio investments in domestic and foreign stocks as the CEF. At the same time, Hurst recommended to the couple that they invest the proceeds of other liquidating transactions, approximately \$190,000.00, into growth and balanced (*i.e.*, growth and income) mutual funds. As a result of Hurst's recommendations, the couple had more than 50 percent of their liquid net worth invested in equity-based mutual funds. At the same time, Hurst recommended to the couple that they invest \$50,000.00 into a municipal bond fund, even though the couple was in the 15% tax bracket. Hurst made the foregoing recommendations without reasonable grounds to believe that the recommendations were suitable for JV and DV in light of the customers' age, net worth, income, retirement status, risk tolerance and primary investment objective of income.

Based on the foregoing, Hurst made unsuitable recommendations in violation of NASD Conduct Rules 2310(a) and 2110.

2. Just and Equitable Principals of Trade

On or about January 7, 2009, Hurst entered an order to replace an Aviva fixed annuity with a variable annuity in customer JK's account. MS, a supervisor with the firm's Variable Annuity Supervision Team, approved the transaction subject to review by Hurst's Field Supervision Director (FSD). On January 15, 2009, the FSD rejected the transaction on the grounds that the surrender penalty on the fixed annuity was too high.

Subsequently, JK surrendered the fixed annuity. On January 28, 2009, he transmitted to Edward Jones the proceeds of the surrendered annuity in the amount of \$173,878.33. Hurst deposited the proceeds into JK's Edward Jones IRA account with an item description that identified the source of the deposit as an Aviva Annuity Liquidation Rollover. Simultaneously, Hurst submitted an annuity replacement order to MS for JK to invest the fixed annuity proceeds into a variable annuity. MS approved the order but, at the time of approval, was not aware of the FSD's above-described rejection of the previously proposed transaction.

On January 30, 2009, the FSD conducted a suitability review of the variable annuity order and noted that the source of funds appeared to be the proceeds of the annuity liquidation that he previously refused to approve. The FSD requested Hurst to identify the source of funds for the purchase. Hurst responded, in writing, that the "monies came from an IRA at another firm." Hurst failed to inform the FSD that the funds comprised proceeds of the liquidation of the fixed annuity. Hurst's response to the FSD was incomplete and inaccurate.

The foregoing facts and circumstances constitute conduct inconsistent with just and equitable principles of trade and is a violation of FINRA Rule 2010 by Hurst.

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

1. A suspension from association with any FINRA member firm in all capacities for 90 days; and
2. A fine of \$7,500.00.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 90 days suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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 [the Firm] to submit it.

3 DEC 2013
Date (mm/dd/yyyy)

Aaron J. Hurst
Aaron J. Hurst

Reviewed by:

Sheldon M. Jaffe
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Accepted by FINRA:

Dec. 19, 2013
Date

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

Cynthia A. Kittle
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