

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022504701**

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

RE: Matthew Christopher Valentine, Respondent
General Securities Representative
CRD No. 2819473

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

Valentine entered the securities industry in October 1996 and remained employed as a General Securities Representative with a FINRA regulated firm until March 1997, when he obtained employment in the same capacity with another FINRA regulated firm until May 2003. In May 2003, Raymond James & Associates ("RJA" or the "Firm"), a FINRA regulated firm, employed Valentine as a Series 63 Branch Office Manager, until the Firm terminated his employment on April 15, 2010. Valentine is not currently associated with a FINRA regulated firm, however, FINRA retains jurisdiction over him pursuant to FINRA By-law Article V, Section 4 until at least April 27, 2012.

RELEVANT DISCIPLINARY HISTORY

Valentine has no prior disciplinary history.

OVERVIEW

From January to October 2009, Valentine improperly used and converted \$540,000 in customer funds. Valentine also failed to disclose to RJA or obtain prior written approval from the Firm for his affiliation with four outside businesses that he incorporated, owned or by whom Valentine was employed between July 2008 and April 2010. In addition, Valentine made material misstatements in a compliance questionnaire that he submitted to his FINRA regulated employer. Valentine also failed to appear and testify as requested.

FACTS AND VIOLATIVE CONDUCT

Conversion/Misuse of Funds

NASD Rule 2330(a), and its successor FINRA Rule 2150(a), prohibit persons associated with a member from "mak[ing] improper use of a customer's securities or funds." Violations of NASD Rule 2330(a) and FINRA Rule 2150(a) are inconsistent with the requirements of NASD Rule 2110 and FINRA Rule 2010 to maintain "high standards of commercial honor and just and equitable principles of trade."

On January 2, 2009, March 13, 2009 and October 13, 2009, Valentine made three withdrawals totaling \$540,000 from the securities account of CG, a Firm customer. CG neither authorized nor had knowledge of the aforementioned funds transfers. In January 2010, JB, CG's accountant, questioned the withdrawals from CG's account. Valentine advised JB that the funds were invested in an outside private business entity. While the funds were wired to Ramsgate Holdings, an investment company that Valentine owned, Valentine actually invested the funds in DFP, an independent outside private business entity. Valentine told JB that, pursuant to the customer's written authorization, he exercised discretion to effect the transfers of funds from CG's account. However, the scope of Valentine's written discretionary authority did not include the authority to transfer funds or securities out of a customer's securities account. CG advised Valentine that he did not wish to invest in the private entity and Valentine agreed to return CG's funds after he liquidated the investment. Valentine did not invest CG's funds in DFP.

On April 20, 2010, in a settlement executed between CG, Valentine and RJA, CG received a payment of \$597,093.36, which included the sum of the unauthorized transfers, interest and RJA fees.

By virtue of the foregoing conduct, Valentine violated NASD Rules 2110 and 2330(a), and its successor FINRA Rule 2150(a), and FINRA Rule 2010, by improperly using funds from a customer's securities account.

Unapproved Outside Business Activity

NASD Rule 3030 requires an associated person to provide prompt written notice to his member employer prior to being employed by or accepting compensation from any other person as a result of any business activity outside the scope of the relationship with his member firm. A violation of NASD Rule 3030 is also a violation of FINRA Rule 2010.

The Firm's policies and procedures also required that Valentine obtain prior written approval from the Firm before engaging in any outside business, investment or related activity.

On July 24, 2008, Valentine formed Ramsgate Holdings. In November 2009, Valentine formed M&M Holdings and, in December 2009, he formed Daytona Investors and Daytona GP. Valentine is the managing member of Daytona GP, which is a general partner of Daytona Investors. Valentine also owns 50 percent of M&M Holdings, which owns 25 percent of DFP. DFP paid M&M Holdings at least \$90,000 in commissions for the funds that M&M Holdings raised for DFP. Valentine is a director of Ramsgate Holdings, M&M Holdings and Daytona GP. Valentine also has a 60 percent interest in a holding company that owns Valentine Investments.

Valentine failed to obtain prior written approval from the Firm for his positions with Daytona GP, M&M Holdings and Ramsgate Holdings and his association with DFP.

In light of Valentine's failure to obtain prior written approval from the Firm for his employment with these entities or his receipt of compensation from them, Valentine violated NASD Rules 3030 and 2110 and FINRA Rule 2010.

Misstatement to Firm on Compliance Questionnaire

On July 28, 2009, Valentine completed an RJA Compliance Survey. Question 2 of the survey asked, "[d]o you participate in any outside business activities in any capacity, whether compensated or non-compensated (officer, director, ownership in a private company, part time employment, etc?)" Question 3 of the survey asked, "[a]re you involved in any outside business relationship with clients, including but not limited to, the giving or receiving of loans?" Valentine responded in the negative to both questions. In light of the Valentine's activities with Ramsgate Holdings, Valentine's responses to the aforementioned questions were false. When Valentine knowingly placed false information on his RJA Compliance Survey, he made misstatements to the Firm in violation of FINRA Rule 2010.

Failure to Cooperate

FINRA Rule 8210 requires an associated person "to provide information orally, in writing, or electronically (if the requested information is, or is required to be, maintained in electronic form) and to testify at a location specified by FINRA staff, under oath or

affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding.”

By letter dated September 6, 2011, sent to Valentine and his counsel, Enforcement scheduled Valentine’s on-the-record testimony for September 28, 2011. Valentine, through counsel, requested an adjournment to discuss the matter in lieu of appearing and testifying on September 28, 2011.

By letter dated September 20, 2011, sent to Valentine and his counsel, Enforcement issued an information request to Valentine, seeking a written submission and outlining the specific facts and documents that Valentine should include in his written submission. On September 28, 2011, Valentine submitted a written response addressing Enforcement’s September 20, 2011 information request, however, Valentine failed to produce any documents that supported the assertions that he had made in his written submissions.

On September 29, 2011, Enforcement advised Valentine’s counsel that without the requested documents, Valentine’s September 28, 2011 written submission was not responsive. Enforcement reiterated its request that Valentine provide the supporting documentation. By letter dated October 26, 2011, sent to Valentine and his counsel, Enforcement requested that Valentine appear and testify on November 10, 2011. On November 7, 2011, Valentine’s counsel advised Enforcement in writing that Valentine would not appear and testify on November 10, 2011, as requested. By letter dated November 15, 2011, sent to Valentine and his counsel, Enforcement requested that Valentine appear and testify on November 21, 2011. On November 21, 2011, Valentine failed to appear and testify.

Enforcement sent to Valentine and his counsel three letters that requested that he appear and testify pursuant to FINRA Rule 8210. Each letter advised Valentine that a failure to comply could result in sanctions, including a bar. To date, Valentine has failed to appear and testify in violation of FINRA Rules 8210 and 2010.

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

a bar from association in all capacities with any FINRA firm.

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. 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, 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.

January 31, 2012
Date

M. Valentine
Matthew C. Valentine

Reviewed by:

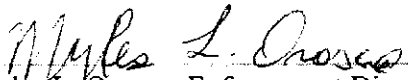
[Signature]

Gary S. Kessler, Esq., Counsel for Respondent
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Accepted by FINRA:

2/8/2012

Signed on behalf of the Date Director of Office of
Disciplinary Affairs, by delegated authority


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