

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100225250**

**To: Department of Enforcement
FINRA**

**Re: Shane A. Sterling
Investment Company and Variable Contracts Products Representative
(CRD No. 4640502)**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Shane A. Sterling, 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 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

Sterling entered the securities industry in March 2003. From March 19, 2007 through June 24, 2010, Sterling was associated with Workman Securities Corporation (Workman) and was registered with FINRA as an investment company and variable contracts products representative.

On June 24, 2010, Workman filed a Uniform Termination Notice for Securities Industry Regulation (Form U5) for Sterling. Therefore, FINRA retains jurisdiction over Sterling pursuant to Article V, Section 4(a) of the FINRA By-Laws.

Relevant Disciplinary History

Sterling has not been the subject of prior formal disciplinary action by FINRA or its predecessors.

Overview

From October 2007 through March 2010 (the relevant time period), Sterling recommended and conducted a pattern of unsuitable mutual fund

000035158 2011

switches in the accounts of five customers, four of whom were seniors, and several with limited investment experience. This conduct violated NASD Conduct Rule 2310 and 2110, NASD Rule IM-2310-2, and FINRA Rule 2010. Further, during the relevant period, Sterling submitted approximately 51 false order documents to Workman, identifying that transactions in the same five customer accounts were "unsolicited" when the transactions were, in fact, recommended and solicited by Sterling. This conduct violated NASD Conduct Rule 2110 and FINRA Rule 2010.

Facts and Violative Conduct

Sterling serviced the Workman investment accounts of customers S.V.W., J.R., D.M., L.B. and G.B. (who were husband and wife), and S.V.G. during the relevant time period. L.B., G.B. and S.V.G. were senior investors with minimal investment experience. S.V.W. worked as a mechanic, J.R. as a receptionist, D.M. as a factory worker, and S.V.G. as an auto technician. Certain of these customers also had limited financial resources. For instance, J.R. opened her Workman retirement account in 2007 with approximately \$48,800 in holdings. D.M. opened his Workman account in 2008 with approximately \$58,700 and S.V.G. opened his Workman account in 2007 with approximately \$74,000.

Sterling recommended that each of these customers buy and sell class A mutual fund shares during the relevant time period. One customer had 12 class A mutual fund buy-and-sell transactions during the relevant period, and at least five of the buy-and-sell transactions occurred during a period of less than 12 months. Another customer likewise had 12 class A mutual fund buy-and-sell transactions during the relevant period, and at least four of the buy-and-sell transactions occurred during a period of less than 12 months. Still another customer had two mutual-fund holdings that Sterling sold within five months of the funds being purchased. For S.V.W., J.R., D.M. and S.V.G., the transactions occurred in their retirement accounts.

For these transactions, Sterling recommended and purchased mutual funds outside of the fund family when he could have switched to other funds within the same fund family cost-free, or at a much lower to the customer. By switching outside of the fund family, the customers incurred another front-end sales load for each class A mutual fund buy transaction in their account. This pattern of mutual fund switching in each of these customers' accounts was unsuitable.

This conduct violated NASD Conduct Rule 2310 and 2110, NASD Rule IM-2310-2, and FINRA Rule 2010.

Further, Sterling represented on firm documents that each of the approximate 51 transactions was "unsolicited." This was false. Sterling recommended and solicited the transactions in these customers' accounts during the relevant period.

This conduct violated NASD Conduct Rule 2110 and FINRA Rule 2010.

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

- A bar from association with any FINRA broker-dealer in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313, a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II. WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against Sterling;
- 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, Sterling 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.

Sterling 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

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

Letter of Acceptance, Waiver and Consent No. 20100225250**Shane A. Sterling****Page 5**

- D. Sterling 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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Sterling 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.)

Sterling 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 he 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 Sterling to submit it.

Date: 5-20-2011


SHANE A. STERLING

Reviewed by:

Counsel for Shane A. Sterling

Accepted by FINRA:

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

6-1-11
Date

By:


Jeffrey A. Ziesman
Deputy Regional Chief Counsel
120 West 12th Street, Suite 800
Kansas City, MO 64105
Telephone: (816) 802-4712
Facsimile: (816) 421-4519
Email: jeff.ziesman@finra.org