

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100225569-01**

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

RE: Charles O. Boneck, Respondent
General Securities Representative
CRD No. 4683220

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Respondent entered the securities industry in July 2003 by filing a Form U4 to become registered at a FINRA member. From November 17, 2006 through September 23, 2008, Respondent was registered at FINRA member First Republic Securities Company, LLC ("Firm 1") as a General Securities Representative. He subsequently became registered at other member firms. Then, from October 5, 2009 through July 2, 2010, Respondent was registered at FINRA member Alamo Capital ("Firm 2") as a General Securities Representative. Since his termination from Firm 2, Respondent has not become associated with or registered at any FINRA member.

Respondent has no disciplinary history.

OVERVIEW

At Firm 1, Respondent exercised discretion in several customer accounts without written authorization. He also provided false information to the firm in order to effect the transfer of securities from one customer account to another. At Firm 2, Respondent borrowed money from a customer under circumstances prohibited by

NASD Rule 2370. He subsequently provided false information to FINRA about the loan.

FACTS AND VIOLATIVE CONDUCT

1. **Exercising Discretion without Written Authorization**

From January 4, 2007 through April 21, 2008, Respondent exercised discretion with respect to 65 purchases and sales of securities in five separate customer accounts. Respondent did so without having obtained written authorization from any of the customers and without Firm 1's acceptance of the accounts as discretionary. Consequently, Respondent violated NASD Rules 2510 and 2110.

2. **Misrepresentation to Firm**

On December 28, 2007, Respondent purchased 1,000 shares of Company A and 1,200 shares of Company B for the account of customer BP. Approximately two months later, BP complained that he had not authorized those purchases. In order to address BP's complaint, Respondent e-mailed the trading department of Firm 1 and asked that BP's shares of Company A and Company B be transferred to customer PP's account. In connection with that request, Respondent falsely claimed that he had "pulled the trigger in the wrong account." In fact, PP had not authorized any such purchases.

By intentionally providing false information to his firm, Respondent failed to uphold high standards of commercial honor and just and equitable principles of trade, in violation of NASD Rule 2110.

3. **Borrowing from a Customer**

On June 1, 2010, Respondent borrowed \$3,000 from customer RC. At the time of the loan, Firm 2's written procedures prohibited borrowing money from customers under any circumstances. By borrowing money from RC in the absence of firm written procedures allowing such borrowing, Respondent violated NASD Rule 2370 and FINRA Rule 2010.

4. **Providing False Information to FINRA**

On August 2, 2010, FINRA staff sent a letter to Respondent requesting information about the circumstances of the above-described loan from RC. On August 15, 2010, Respondent emailed his written response to the staff's request. In his email, Respondent falsely claimed that he had never borrowed money from any customers. With respect to a promissory note found on his computer by Firm, Respondent denied that it evidenced a loan from RC. Rather, he falsely claimed that he had purchased the document for \$11 over the internet on behalf of RC, who was considering

borrowing money from a family member. Respondent made these false claims to FINRA staff because he was concerned about the disciplinary consequences of his actions.

By intentionally providing false information to FINRA staff, Respondent violated FINRA Rules 8210 and 2010.

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

- A bar from association with all FINRA members in all capacities.

Respondent 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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, Respondent 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).

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

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

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

Respondent 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

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

Respondent 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 Respondent 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 Respondent to submit it.

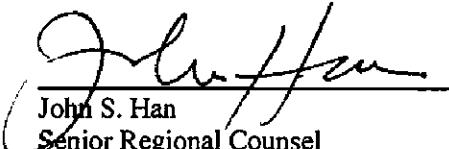
3/1/2012
Date (mm/dd/yyyy)

Accepted by FINRA:

3/9/2012
Date


Charles O. Boneck, Respondent

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


John S. Han
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FINRA Department of Enforcement
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