

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010023213901**

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

RE: Earnest Bridges Sr., Respondent
CRD No. 5643149

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Earnest Bridges Sr., 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

Earnest Bridges Sr. ("Bridges") entered the securities industry in February 2009 when he joined AllState Financial Services, LLC ("AllState"). He obtained his Series 6 license on August 7, 2009. Bridges's registration was terminated on July 20, 2010. He is not currently associated with a FINRA member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Bridges has no relevant disciplinary history.

OVERVIEW

In August 2009, while registered with AllState, Bridges learned of a purported investment that promised to return 100% in 30 days. He recommended that two individuals, one an Allstate customer, provide a total of \$70,000 for the investment, telling the individuals that the

investment would return 50% in 30 days. He failed to tell them that he intended to keep the remaining 50% of the return. The investment was made in the name of a company Bridges owned and controlled. Bridges failed to conduct any due diligence into the investment opportunity before recommending it. Bridges should have been on notice to conduct further inquiry when the investment's purported rate of return was 100% in 30 days. Further, when recommending the investment opportunity to one individual, Bridges made material misstatements and omissions, promising that the investment was risk-free and failing to disclose that he would profit from the investment. His misconduct violated FINRA Rules 2010 and 2020. Bridges also failed to notify AllState that he was engaging in a private securities transaction, in violation of NASD Rule 3040 and FINRA Rule 2010. Finally, Bridges failed to inform AllState that one of the investors had sent him a written complaint regarding the investment, in violation of NASD Rule 3070 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Bridges Failed to Conduct Any Due Diligence & Misled Investors

In July 2009, Bridges learned of an investment that would purportedly provide a 100% return on a \$70,000 investment after one month. To facilitate the investment, the funds were to be wired to an escrow account and a third party would withdraw the funds from the account. Bridges recommended to at least two individuals that they invest through him. One of these individuals, DE, was an AllState customer. Bridges promised the individuals a 50% return and failed to inform them that he intended to keep the other 50% for himself.

Without conducting any due diligence, Bridges told DE that the investment was insured and risk-free, which were material misstatements. To fund \$55,000 of the investment, Bridges recommended that DE liquidate an annuity that she held in an IRA account and that Bridges had sold to her just a year earlier. Bridges advised DE, in connection with liquidating the annuity, that she would not incur surrender charges, when in fact she did, and that the money would be returned to the IRA before tax penalties would be imposed. Bridges, through Bridges Financial Solutions ("BFS"), a company he owned and controlled, entered into a promissory note with DE on August 11, 2009, in exchange for DE's agreement to wire \$55,000 to the escrow account. Pursuant to the promissory note, BFS agreed to pay DE \$82,500 by September 28, 2009. On August 12, 2009, based on the information Bridges provided about the investment opportunity, DE withdrew \$55,000 from her IRA account and wired the funds to the escrow account to be held in the name of BFS. DP, who was the friend of someone to whom Bridges had recommended the investment, provided the remaining \$15,000 that Bridges needed to fulfill the \$70,000 investment requirement. DP wired the \$15,000 to the same escrow account to be held in BFS's name.

In reality, the investment opportunity was a fraud, and DE and DP lost all of their money. Moreover, despite Bridges's assurances to the contrary, DE paid in excess of \$10,000 in

surrender charges and tax penalties as the result of liquidating her annuity and taking a withdrawal from her IRA.

The foregoing conduct violated FINRA Rules 2010 and 2020.

Bridges Failed to Disclose the Private Securities Transaction

At all times relevant, AllState prohibited its registered representatives from participating in any manner in the sale of any security, registered or unregistered, that was not processed through AllState, without prior written approval. On or around August 11, 2009, without seeking prior written approval from AllState, Bridges entered into a promissory note with DE, in violation of NASD Rule 3040 and FINRA Rule 2010.

Bridges Failed to Report His Client's Complaint to AllState

On or around November 12, 2009, DE sent a written complaint to Bridges, demanding payment of the promissory note. Bridges did not report the complaint to AllState, in violation of NASD Rule 3070 and FINRA Rule 2010.

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

A bar from association with any FINRA member in any capacity.

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, as amended. 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 sanction 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 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 prejudice 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

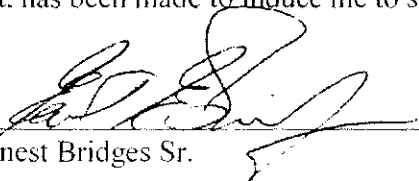
any of the allegations against me; and

C. If accepted:

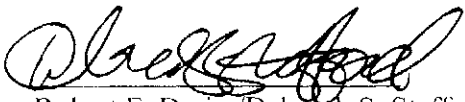
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
3. 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 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.

11-7-2011
Date


Earnest Bridges Sr.

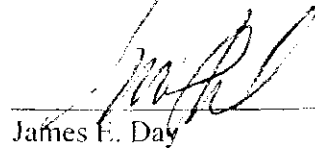
Reviewed by:


Robert E. Drain/Deborah S. Stafford
Hudgins Law Firm
515 King Street, #400
Alexandria, VA 22314

Accepted by FINRA:

2/2/11
Date

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



James E. Day

Associate Vice President and Chief Counsel
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