

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT**

20100235263-01

TO: Office of Fraud Detection and Market Intelligence
Financial Industry Regulatory Authority ("FINRA")

RE: Kevin Seth Baltimore, Respondent
CRD No. 1863517

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Kevin Seth Baltimore, ("Baltimore" or "Respondent"), 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

Baltimore was registered with FINRA member firms from 1988 until November 5, 2010, when his most recent employer firm, Woodstock Financial Group, Inc. ("Woodstock"), filed a Form U5 terminating his registration. 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. Baltimore has the following relevant disciplinary history:

- On April 8, 1999, a NYSE Stipulation and Consent was finalized and a hearing panel imposed a penalty of a one month suspension from membership and a fine of \$2,500 for violation of NYSE Rule 346(b) in that Baltimore

engaged in outside business activity without obtaining prior written consent of his member firm.

FACTS AND VIOLATIVE CONDUCT

1. Beginning no later than September 2007, Baltimore made fraudulent and unsuitable recommendations to four customers, inducing them to invest in a Logos Capital Group Inc. Commercial Paper Note (the "Logos Note"). The Logos Note was a fraudulent private placement purportedly for accredited investors pursuant to Regulation D under the Securities Act of 1933. Baltimore did not disclose to his employing firms his sales of the Logos Note.

Logos Capital Group Inc.

2. Logos Capital Group Inc. ("Logos") is a Delaware corporation formed in 2007, and claimed to have an office in Houston, Texas. Logos also claimed to have invested in energy and technology portfolios. The Logos Note, a fraudulent unregistered private placement, was offered for sale through a Logos Capital Group Inc. Note Purchase Agreement for accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933.

Customer CH

3. From April 2005 through November 2007, Baltimore was registered at First Allied Securities, Inc. ("First Allied")
4. Customer CH opened securities accounts at First Allied in July 2007, after transferring an account from another member firm. Baltimore was the registered representative at First Allied assigned to the accounts.
5. The new account documents for CH's accounts at First Allied indicate that CH had an annual income of approximately \$33,000, a net worth of approximately \$100,000, and a liquid net worth of approximately \$70,000.

Baltimore Recommends That CH Invest in the Logos Note

6. Beginning no later than September 2007, Baltimore recommended the Logos Note investment to CH. As set forth below, in September 2007, and again in October 2007, Baltimore recommended that CH withdraw a total of \$66,000 from his First Allied securities accounts to make investments totaling \$66,000 in the

Logos Note.

7. On September 27, 2007, CH wired \$50,000 from his First Allied securities account to his personal checking account at Bank of America. Shortly thereafter, CH wrote a check in the amount of \$50,000 payable to Baltimore from his Bank of America checking account for investment in the Logos Note.
8. On October 29, 2007, CH wired \$16,000 from his First Allied securities accounts to his personal checking account at Bank of America. Shortly thereafter, CH wrote a check in the amount of \$16,000 payable to Baltimore from his Bank of America checking account for investment in the Logos Note.
9. Baltimore had no reasonable grounds for believing that CH's purchase of the Logos Note was suitable given his financial condition and that he was not an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933. Furthermore, Baltimore made materially misleading statements and omissions of fact when recommending the investment to CH, including misrepresenting the type of business in which Logos was engaged, and misrepresenting the use of proceeds to be raised by the Logos Note, and failing to disclose that Logos was merely a shell company with no significant business. By engaging in the foregoing conduct, Baltimore violated NASD Rules 2110, 2120, and 2310, and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Customer BW

10. From November 2007 through November 2010, Baltimore was registered with Woodstock.
11. Baltimore's customer BW was born in [REDACTED] BW was retired and 68 years old in 2008, when Baltimore approached her about investing in the Logos Note.
12. Baltimore was the registered representative for an IRA securities account that BW opened at Woodstock in February 2008, after transferring the account from another member firm. The IRA Account Application for the new account states BW's estimated annual income as \$50,000-\$99,000, her estimated net worth as \$100,000-\$249,999, and her estimated liquid net worth as \$50,000-\$99,999. At the time of the opening of the account, the account was worth approximately \$65,000.

Baltimore Recommends That BW Invest in the Logos Note

13. Beginning no later than April 2008, Baltimore recommended the Logos Note investment to BW. As set forth below, in April 2008, and again in August 2008, Baltimore recommend that BW take distributions from her IRA account to make investments totaling \$62,000 in the Logos Note.
14. On April 28, 2008, Baltimore assisted BW in completing an IRA Distribution Request Form for making a distribution from her IRA account in the amount of \$38,200. On that same date, BW wrote a check in the amount of \$38,000 made payable to "Logos Capital" for the investment in the Logos Note.
15. On August 14, 2008, Baltimore again assisted BW in completing an IRA Distribution Request Form for making a distribution from her IRA account in the amount of \$24,100. On that same date, BW wrote a check in the amount of \$24,000 made payable to "BAM LLC" for an additional investment in the Logos Note. BAM LLC stands for Baltimore Asset Management, LLC, which was Baltimore's Registered Investment Advisor prior to his employment at Woodstock, and with which Baltimore had terminated his employment in December 2007.
16. Baltimore had no reasonable grounds for believing that BW's purchase of the Logos Note was suitable given her age and financial condition, and that she was not an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933. Furthermore, Baltimore made materially misleading statements and omissions of fact when recommending the investment to BW, including misrepresenting the type of business in which Logos was engaged, and misrepresenting the use of proceeds to be raised by the Logos Note, and failing to disclose that Logos was merely a shell company with no significant business. By engaging in the foregoing conduct, Baltimore violated NASD Rules 2110, 2120, and 2310, and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Customer JB

17. Baltimore was the registered representative for a securities account that JB opened at Woodstock in November 2007, after transferring the account from First Allied.
18. JB's new account document at Woodstock lists JB's estimated annual income as \$100,000 - \$249,999, her estimated net worth as \$500,000 – \$999,999, and her estimated liquid net worth as under \$50,000. At the time of the opening of the account, the account was worth approximately \$25,000.

Baltimore Recommends That JB Invest in the Logos Note

19. In or about April 2008, Baltimore recommended the Logos Note investment to JB and recommended that she withdraw approximately \$10,000 from her account and invest that sum in the Logos Note.
20. JB withdrew approximately \$10,000 from her account and invested that sum in the Logos Note.
21. Baltimore had no reasonable grounds for believing that JB's purchase of the Logos Note was suitable given her financial condition and that she was not an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933. Furthermore, Baltimore made materially misleading statements and omissions of fact when recommending the investment to JB, including misrepresenting the type of business in which Logos was engaged, and misrepresenting the use of proceeds to be raised by the Logos Note, and failing to disclose that Logos was merely a shell company with no significant business. By engaging in the foregoing conduct, Baltimore violated NASD Rules 2110, 2120, and 2310, and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Baltimore Recommends to One Other Client to Invest in a Logos Note

22. In addition, in or about April 2008, Baltimore recommended the Logos Note investment to another client of Woodstock, RN, who invested in the unregistered private placement offering. RN was not an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933.
23. RN's new account document at Woodstock lists RN's estimated annual income as \$100,000 - \$249,999, his estimated net worth as \$500,000 – \$999,999, and his estimated liquid net worth as under \$50,000.
24. Baltimore had no reasonable grounds for believing that the purchases by RN of the Logos Note were suitable given his financial condition and that he was not accredited investors as defined in Rule 501 of Regulation D under the Securities Act of 1933. Furthermore, Baltimore made materially misleading statements and omissions of fact when recommending the investment to RN, including misrepresenting the type of business in which Logos was engaged, and misrepresenting the use of proceeds to be raised by the Logos Note, and by failing to disclose that Logos was merely a shell company with no significant business. By engaging in the foregoing conduct, Baltimore violated NASD Rules 2110, 2120, and 2310, and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Baltimore Sells Away

25. Baltimore intentionally withheld from First Allied that he was engaged in outside securities transactions with CH. Baltimore also recommended the purchase of the Logos Note without the approval or knowledge of First Allied. Baltimore participated in a "private securities transaction" with CH, as that term is defined in NASD Rule 3040. Specifically, Baltimore failed to provide written notice to First Allied describing in detail the proposed transaction in Logos Capital and his role therein and stating whether he had received or would receive selling compensation in connection with the transaction.
26. Baltimore intentionally withheld from Woodstock that he was engaged in outside securities transactions with BW, RN and JB. Baltimore also recommended the purchase of the Logos Note without the approval or knowledge of Woodstock. Baltimore participated in a "private securities transaction" with BW, RN and JB, as that term is defined in NASD Rule 3040. Specifically, Baltimore failed to provide written notice to Woodstock describing in detail the proposed transaction in Logos Capital and his role therein and stating whether he had received or would receive selling compensation in connection with the transaction.
27. By engaging in the foregoing conduct, Baltimore violated NASD Rules 2110 and 3040.

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

A bar in all capacities from associating with any FINRA member.

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Pursuant to Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

I understand that if I am barred from associating with any FINRA member, I become 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, 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(e), a bar 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.

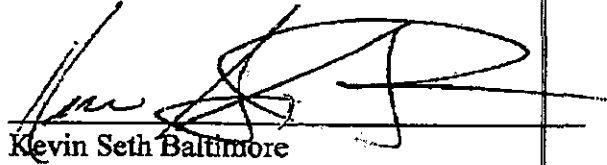
OTHER MATTERS

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 ("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 contrary 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.

9/21/2011
Date


Kevin Seth Baltimore

12/9/11
Date

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


Cameron K. Funkhouser
Executive Vice President
Office of Fraud Detection
and Market Intelligence