

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

NO. 2010023549601

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

RE: Eric J. McMahon, Respondent
Registered Representative
CRD No. 2566978

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Eric J. McMahon ("McMahon" or "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

McMahon first began working in the securities industry in 1995. In July 1996, McMahon joined Merrill Lynch, Pierce, Fenner & Smith, Inc. (BD No. 7691) ("Merrill Lynch" or the "Firm"), as a General Securities Representative ("GSR"). He worked in Merrill Lynch's Upper St. Clair, Pennsylvania, office until May 2009. In June 2009, McMahon joined Raymond James Financial Services, Inc. (BD No. 6694), also as a GSR. McMahon is currently associated with Raymond James.

RELEVANT DISCIPLINARY HISTORY

McMahon has the following relevant disciplinary history:

- On March 16, 2011, the State of Ohio, Department of Insurance, issued a Consent Order stating that McMahon

agreed to a 180 day suspension of McMahon's Ohio insurance agent's license and a fine of \$10,000. McMahon neither admitted nor denied that he submitted withdrawal forms from June 2002 to July 2009 that contained forged signatures in violation of sections 3905.14(B)(9), 3905.14(B)(11) and 3905.14(B)(26) of Title 39 of the Ohio Revised Code.

The above action relates to certain of the misconduct described below.

OVERVIEW

While employed with Merrill Lynch, from March 2004 until January 2009, without disclosure to Merrill Lynch, McMahon submitted at least 27 annuity withdrawal forms for nine customers for yearly withdrawals. McMahon used photocopies of annuity withdrawal forms that the customers had previously signed in blank for his own convenience and as an accommodation to his customers. This conduct violated NASD Rule 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Violation of NASD Rule 2110 and FINRA Rule 2010 - Falsification of Annuity Withdrawal Forms

As early as March 2004, McMahon recommended the purchase of variable annuities for at least nine of his Merrill Lynch customers. The variable annuities McMahon recommended had a feature permitting an annual 15% non-cumulative withdrawal without surrender fees ("free withdrawal feature"). Each of McMahon's customers determined to purchase one or more annuity contract with a free withdrawal feature. McMahon recommended, and each of his customers agreed to use the proceeds from the free withdrawals to reinvest the proceeds into variable annuities and other products in their respective brokerage accounts.

At or around the time McMahon's customers purchased the annuity contracts, he provided each of them with a blank annuity withdrawal form to review and sign in blank. His ordinary practice was to explain that when the time came to withdraw funds he could, for their convenience, contact them to confirm their intention to withdraw and reinvest the proceeds and complete the blank, previously signed withdrawal forms as an accommodation. Each customer agreed and McMahon submitted such forms on at least 27 occasions over a nearly five year period. In each case, McMahon obtained verbal approval from the customers at the time the forms were submitted.

NASD Rule 2110, which was in effect until December 15, 2008 and FINRA Rule 2010, which replaced NASD Rule 2110 from that date, both require that registered representatives "observe high standards of commercial honor and just and equitable principles of trade." McMahon's re-use of blank, previously signed forms to cause future withdrawals resulted in the creation of false business documents and violated NASD Rule 2110 and FINRA Rule 2010.

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

1. A suspension from associating with any FINRA member firm in any capacity for a period of two months; and a
2. \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two months suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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. 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).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 him;

- 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

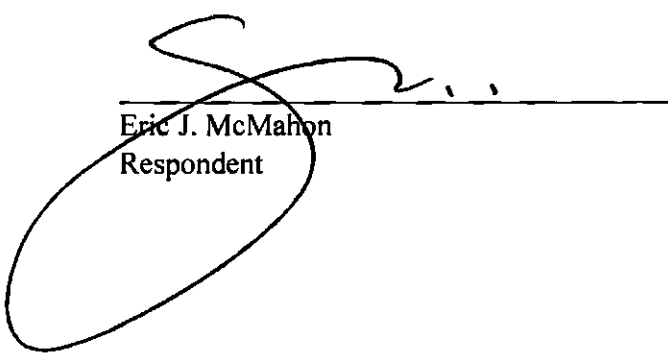
Respondent understands that:

- 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 him;
- 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 him;

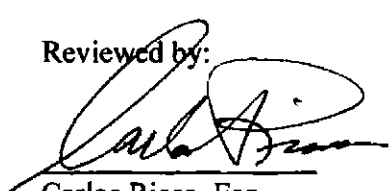
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. Respondent may 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 my: (1) testimonial obligations; or (ii) 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 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 Respondent to submit it.

4.22.13
Date


Eric J. McMahon
Respondent

Reviewed by:


Carlos Ricca, Esq.
Partner
Davidson & Grannum, LLP
30 Ramland Road, Suite 201
Orangeburg, New York 10962
(845) 667-5180

Accepted by FINRA:

May 14, 2013
Date

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

Susan Light
Susan Light, Sr. VP & Chief Counsel
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