

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010023722701**

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

RE: Clark E. Harmon, Respondent
Limited Registered Representative
(CRD No. 2388116)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Clark E. Harmon, 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

Clark E. Harmon ("Harmon") entered the securities industry by becoming registered as an Investment Company and Variable Contracts Products Representative of a former FINRA registered firm on January 14, 1994. On December 3, 1999, he became registered in the same capacity with Princor Financial Services Corporation ("Princor"), a FINRA registered firm. Harmon was registered with Princor until July 13, 2010. He is not currently registered with any FINRA registered firm and he has no history of disciplinary action.

OVERVIEW

Over several years beginning in August 2001 and continuing through August 2006, Harmon was the subject of several tax liens, including two Federal tax liens, a State of Ohio tax judgment, a Columbus, Ohio tax judgment, and a civil

agreed judgment. Harmon willfully failed to amend his Form U4 to disclose these tax liens and judgments. On December 2, 2009, Harmon also filed for bankruptcy protection under Chapter 7 of the Bankruptcy Act. He willfully failed to amend his Form U4 to disclose the bankruptcy filing until June 29, 2010. Harmon's conduct was in violation of Article V, Section 2 (c) of the NASD By-Laws (for his actions prior to July 30, 2007) and FINRA By-Laws (for his conduct on and after July 30, 2007), NASD Rule 2110 (for his actions prior to December 15, 2008), and FINRA Rule 2010 (for his actions on and after December 15, 2008).

FACTS AND VIOLATIVE CONDUCT

Willful Failure to Disclose Judgments and Liens on Form U4 Violation of Article V, Section 2(c) of the NASD and FINRA By-Laws, And NASD Rule 2110 and FINRA Rule 2010

1. Article V, Section 2(c) of the NASD By-Laws prior to July 30, 2007, and Article V, Section 2(c) of the FINRA By-Laws on and after July 30, 2007, required all applications for registration to be kept current at all times by supplementary amendments. Such amendments are required to be filed with FINRA no later than 30 days after learning of facts or circumstances giving rise to the amendments.
2. During all relevant times, Form U4 Uniform Application for Securities Industry Registration or Transfer ("Form U4") contained questions seeking information about any unsatisfied judgments or liens against registered individuals.
3. From 2001 to 2006, Harmon was issued two Notices of Federal Tax Liens, he entered into two agreed tax judgments and an agreed civil judgment was entered against him.
4. Harmon failed to disclose the tax liens and the judgments to Princor, and willfully failed to amend his Form U4 to disclose that he was subject to the tax lien and judgments from the time he first became aware of them, until July 13, 2010, when his registration with Princor was terminated.
5. Harmon's failure to disclose the tax liens and judgments described above was aggravated by the fact that on numerous occasions from 2002 until his termination in July 2010, Harmon submitted attestations or reports, or met in person with Princor auditors, and confirmed that he understood his obligation to immediately report any changes to his Form U4, including to disclose things such as bankruptcies, liens and judgments.

6. By willfully failing to disclose that he was the subject of several tax liens and judgments issued against him over an extended period of time, Harmon violated Article V, Section 2 (c) of the NASD By-Laws (for his actions prior to July 30, 2007) and FINRA By-Laws (for his actions on and after July 30, 2007), and NASD Conduct Rule 2110 (for his actions prior to December 15, 2008), and FINRA Rule 2010 (for his actions on and after December 15, 2008).

**Willful Failure to Timely Disclose a Bankruptcy Filing on Form U4
Violation of Article V, Section 2(c) of FINRA By-Laws,
And FINRA Rule 2010**

7. From December 2009 to June 2010, the Form U4 contained a question seeking information about any filings for bankruptcy protection by registered individuals.
8. On or about December 2, 2009, while he was registered with Princor, Harmon filed a Voluntary Petition for bankruptcy protection under Chapter 7 of the Bankruptcy Act.
9. Similar to Paragraph 5 above, on a number of occasions from December 1, 2009 through June 1, 2010, Harmon submitted reports to Princor attesting that he understood his obligation to keep his Form U4 current.
10. On April 27, 2010, SL, a Princor Compliance Auditor, held an Annual Desk Audit and Client File Review of Harmon. During the April 27, 2010 Desk Audit, Harmon told SL that he might be filing for bankruptcy. Harmon failed to disclose to SL that in fact he had already filed for bankruptcy protection.
11. At 6:26 p.m., on April 27, 2010, SL sent Harmon an e-mail providing some information about amending Forms U4 for him to review. SL stated in this email that, "if you don't file the amendment within 30 days of filing for bankruptcy, you will be fined by FINRA and are responsible for that cost as it is your obligation to keep your U4 accurate and up to date." SL also attached an e-mail that Princor sent to all of its registered representatives on April 23, 2010, which reminded the Firm's representatives of their continuing obligation to update information required by the Form U4 as changes occur, and that examples of reportable events include bankruptcies.

12. On May 18, 2010, SL sent an e-mail to Harmon which contained the following statements related to Harmon's disclosure that he was thinking of filing bankruptcy:

Bankruptcy – you mentioned during the audit that you may be filing for bankruptcy in the near future. Bankruptcies do need to be reported and recorded on your U4. I have advised you to discuss this matter with MK [Harmon's supervisor] at the home office for specifics on how to amend your U4, when that time comes. I have also forwarded to you communication from the home office sent to the field on April 23rd. It is important for me to mention once again that if your filing is considered late by FINRA that you are responsible for any and all fines that may be levied.

13. On June 10, 2010, Harmon called Princor's Registration Department and reported for the first time that he had filed for bankruptcy protection, back in December 2009. On June 29, 2010, after Princor's Registration Department sent Harmon three e-mails informing him that he had to amend his Form U4, Harmon finally submitted an amendment to his Form U4 to disclose that he had filed a bankruptcy petition.
14. As a result of the above, Harmon failed to promptly disclose to Princor that he had filed a bankruptcy petition on December 2, 2009, and he willfully failed to promptly amend his Form U4 to disclose that he filed the petition.
15. By willfully failing to timely disclose his bankruptcy petition on the Form U4, Harmon violated Article V, Section 2 (c) of the FINRA By-Laws, and FINRA Rule 2010.
- B. I also consent to the imposition of the sanction of a six-month suspension from association with any FINRA registered firm in any capacity and a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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. 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).

I understand that this settlement includes a findings that I willfully omitted to state material facts on my Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, these omissions make me subject to a statutory disqualification with respect to association with a member.

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

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:

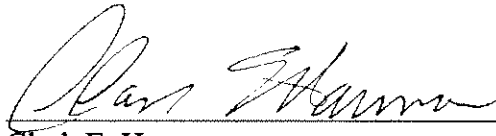
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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.

5-22-12

Date (mm/dd/yyyy)



Clark E. Harmon

Limited Registered Representative

Reviewed by:

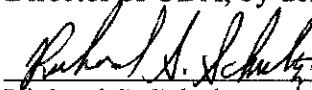
Attorney's Name

Accepted by FINRA:

6/13/12

Date

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



Richard S. Schultz

Senior Regional Counsel

FINRA Department of Enforcement

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