

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010024892001**

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

RE: Gary L. Flater, Respondent
General Securities Representative
CRD No. 1049132

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Gary L. Flater, 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 me 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

Flater first became registered in 1982. From September 16, 1995 through June 13, 2011, Flater was associated with FINRA member MCL Financial Group, Inc. ("MCL or Firm"). From September 16, 1996 through June 13, 2011, Flater was registered with MCL as a General Securities Representative. From September 16, 1996 through October 5, 2007, he was registered with MCL as a General Securities Principal and a Financial and Operations Principal, and from February 6, 2004 through October 5, 2007, as a Government Securities Principal. Flater currently is not associated with another FINRA member. Flater does not have any relevant disciplinary history.

OVERVIEW

Between Oct. 31, 2009 and June 13, 2011, while associated with MCL, Flater failed to amend his Form U4 in a timely manner to disclose two federal tax liens and willfully failed to disclose an additional federal tax lien and three civil judgments, in violation of FINRA Rules 2010 and 1122 and Article V, Section 2(c) of FINRA Bylaws.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2 of the FINRA Bylaws requires that a person applying for registration with FINRA disclose certain information on a Uniform Application for Securities Registration (Form U4), including whether he has been the subject of any unsatisfied liens or civil judgments resulting from an investment-related consumer-initiated civil action or arbitration. At all times, Flater was required to keep his application current by filing amendments within 30 days of learning of facts that are required to be disclosed.

On October 1, 2009, the Internal Revenue Service ("IRS") filed a tax lien against Flater in the amount of \$135,947.52 in connection with the tax year 2007. On or about March 2, 2010, the IRS filed a second tax lien against Flater in the amount of \$41,884.55, in connection with the tax year 2008. In or around the dates that the liens were recorded, Flater received notice of the liens but failed to amend his Form U4 by October 31, 2009 and April 1, 2010, respectively. MCL first learned of these liens in connection with a FINRA examination and, on or about December 13, 2010, amended Flater's Form U4 to disclose the 2009 and 2010 federal tax liens. The foregoing Form U4 filings were 408 and 256 days late, respectively.

On January 5, 2011, the IRS filed a third tax lien against Flater, in the amount of \$33,264.95, in connection with the tax year 2009. Separately, on February 1, 2010, a civil judgment was entered against Flater in the amount of \$15,337.50, in connection with an investment-related, consumer-initiated civil litigation action. On March 24, 2011, two civil judgments were entered against Flater in the amounts of \$142,804.63 and \$15,200.45, in connection with two investment-related, consumer-initiated civil litigation actions. Flater received notice of the foregoing lien and civil judgments in or around the dates each was recorded. Flater willfully failed to amend his Form U4 to report the foregoing 2011 IRS tax lien, the 2010 civil judgment and the two 2011 civil judgments.

Flater's failure to amend his Form U4 in a timely manner regarding the 2009 and 2010 IRS tax liens and his willful failure to amend his Form U4 regarding the 2011 IRS tax lien and the three 2010 and 2011 civil judgments constitute separate and distinct violations of FINRA Rules 2010 and 1122 and Article V, section 2(c) of FINRA Bylaws.

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

- A suspension from associating with any FINRA member firm in any capacity for a period of 6 months.

On or about August 15, 2011, Respondent filed a Chapter 7 bankruptcy petition pursuant to Title 11, United States Code. On or about December 15, 2011, an order of discharge was entered. Accordingly, no monetary sanction is being assessed 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, he 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).

Respondent understands that this settlement includes a finding that he willfully omitted to state a material fact on a 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, this omission makes him 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. 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 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, 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 me;
 - 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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understand all of the provisions of this AWC and have 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 him to submit it.

05/13/2013
Date (mm/dd/yyyy)

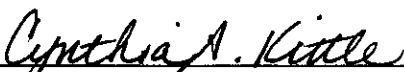


Gary L. Flater

Accepted by FINRA:

June 4, 2013
Date

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



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