

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011025857802**

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

RE: Thomas C. Oakes, Respondent
Registered Representative
CRD No. 1354152

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Thomas C. Oakes ("Oakes") has been in the securities industry as a member of the NASD/FINRA since 1988. He was employed by various FINRA registered firms. Since November 31, 2003, he has been a registered representative of Royal Securities Company ("Royal" or the "Firm").

RELEVANT DISCIPLINARY HISTORY

Oakes has no relevant disciplinary history.

OVERVIEW

From 2005 through May 2008, Oakes had engaged in unsuitable short-term trading of low priced and/or speculative securities in the accounts of three customers, causing substantial losses in the customers' accounts.

FACTS AND VIOLATIVE CONDUCT

In 2005 or 2006, three customers had opened new accounts at Royal with Oakes as their registered representative. Each of the customers had filled out a New Account Form which identified, among other things, a primary investment objective of "Growth".

The Firm defined a "Growth" investment objective as follows:

- Goals: Generate long-term capital growth, income is secondary.
- Investments: High quality equity, large cap funds, a balanced portfolio of investment grade growth stocks with smaller positions in high grade corporate bonds.
- Investors: Those looking to generate capital appreciation of their investments while willing to hold investments for a longer period of time. Willing to assume more market risks than *balance/conservative growth* in return for yields that are expected to meet or slightly exceed the S&P 500 stock market index over the long run. Investor is willing and able to sustain fluctuations in values of their investment.

Notwithstanding this definition, Oakes invested these customers in low-priced and/or speculative securities, many of which he traded on a short-term basis.

From 2005 or 2006 when the customers opened their respective accounts, through May 2008 when the customers closed their accounts, each customer had lost substantial value in their Royal securities accounts due, in large part to, the short-term trading of low priced securities, with losses ranging from 70%-84% of account value. At the same time, the S&P 500 index had increased in value. In addition, for two customers, their accounts had excessive concentrations of low-priced securities at the time that the accounts were closed (23% and 28% respectively).

The above account activity was not suitable for these three customers because the activity did not meet each customer's stated objective of Growth. Therefore, Oakes violated NASD Rules 2310 and 2110.

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

A suspension of 15 business days from associating with any FINRA member in any capacity and a fine of \$10,000.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an

Election of Payment form showing the method by which I propose to pay the fine imposed.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 15 business day 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(s) 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).

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

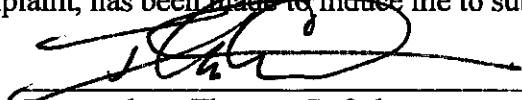
I understand that:

- 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: (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. 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.

10/15/2013
Date (mm/dd/yyyy)


Respondent, Thomas C. Oakes

Accepted by FINRA:

November 26, 2013

Date

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

A handwritten signature in black ink, appearing to read "Miki Vucic Tesija", written over a horizontal line.

Miki Vucic Tesija
Senior Regional Counsel
FINRA Department of Enforcement
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