

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026248501**

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

**RE: JHS Capital Advisors, LLC, Respondent
Member Firm
CRD No. 112097**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, JHS Capital Advisors, LLC ("JHS") 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 the firm alleging violations based on the same factual findings described herein.

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ACCEPTANCE AND CONSENT

- A. JHS 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

JHS is a FINRA member and has been such since October 2001. The firm maintains its principal place of business in Tampa, Florida and also has approximately 50 branch offices. JHS currently employs approximately 210 registered representatives. The firm conducts a general securities business.

RELEVANT DISCIPLINARY HISTORY

In April 2013, FINRA accepted AWC No. 2011028196401 from JHS, wherein the firm was censured and fined \$22,500 for incorrectly reporting the second leg of 30,005 "riskless" principal transactions as "agents" to the FINRA/NASDAQ TRF and for trade reporting-related supervisory deficiencies, in violation of FINRA Rules 7230A(d)(7) and 2010 and NASD Rule 3010.

In September 2011, FINRA accepted AWC No. 2009015974701 from JHS, wherein the firm was censured and fined \$300,000 and agreed to certain undertakings to remedy handling fee-related violations for: (1) charging

unreasonable handling fees and improperly and inaccurately disclosing the fees, in violation of Exchange Act Rule 10b-10, NASD Rules 2430 and 2110, and FINRA Rule 2010; (2) failing to maintain and enforce a supervisory system, including written procedures, that was reasonably designed to ensure the fairness of commissions charged to customers, in violation of NASD Rules 3010 and 2110 and FINRA Rule 2010; (3) failing to report 38 customer complaints and for inaccurately reporting three customer complaints, in violation of NASD Rules 3070 and 2110 and FINRA Rule 2010; and (4) failing to maintain and enforce a supervisory system, including written procedures, for the conduct of due diligence in connection with private placement offerings, in violation of NASD Rules 3010 and 2110.

In October 2010, pursuant to Consent Order No. CO-10-7780-S with the State of Connecticut, Department of Banking, JHS agreed to pay a \$10,000 administrative fine and to reimburse Connecticut customers for improperly charging "postage and handling" fees in connection with securities transactions executed from January 1, 2008 through March 31, 2010.

In April 2010, pursuant to Consent Order No. I10-110-BLM with the Nevada Secretary of State, Securities Division, JHS agreed to pay a \$1,000 administrative fine for operating a branch office in Nevada, without obtaining a license for the branch from the Division.

FACTS AND VIOLATIVE CONDUCT

In 2010, in connection with terminating its relationship with Clearing Firm A, JHS transferred accounts from Clearing Firm A to another clearing firm. Clearing Firm A charged a fee of \$50 to transfer a non-qualified account and \$90 to transfer a qualified account to another clearing firm. Predominantly in connection with this transfer of accounts, JHS sent one, two, or in approximately 25 instances, three letters to customers, wherein the firm advised them that it would liquidate the securities in their accounts, send the account proceeds to them, and close their accounts, if they did not transfer their accounts to another firm within a certain period of time, typically 30 days. In accounts from which it did not receive a response to the letter(s), JHS liquidated the securities in the accounts, sent the account proceeds to the customers, and closed the accounts. JHS did not have the requisite oral or written authority to execute such sales in non-discretionary accounts. In total, in connection with liquidating accounts as described in this paragraph, between January 2010 and January 2011, JHS exercised discretion in 882 transactions in 843 non-discretionary accounts, including at least 33 qualified accounts, without written authorization from the customers. The sales total approximately \$1.1 million. As a result of the foregoing, JHS violated NASD Rule 2510(b) and FINRA Rule 2010.

B. JHS also consents to the imposition of the following sanctions:

A censure and a \$75,000 fine.

JHS agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. JHS has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

JHS specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

JHS specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;**
- 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, JHS 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.

JHS 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

JHS understands that:

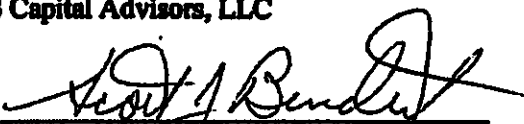
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;**
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against it; and**
- C. If accepted:**
 - 1. this AWC will become part of its permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about its 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. JHS 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. JHS 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 its: (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. JHS may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. JHS understands that it 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.**

The undersigned, on behalf of JHS, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that JHS has agreed to its provisions voluntarily; and that no offer, threat,

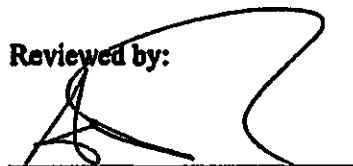
inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

JHS Capital Advisors, LLC

5/9/13
Date (mm/dd/yyyy)

By: 
Scott J. Bendert, CEO

Reviewed by:



Alan M. Wolper, Esq.
Counsel for Respondent
Ulmer Berne LLP
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Accepted by FINRA:

5/14/13
Date

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


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