

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026423802**

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

RE: Merle Gene Walter, Respondent
CRD No. 851987

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Merle Gene Walter (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 AND RELEVANT DISCIPLINARY HISTORY

Respondent entered the securities industry in or about 1978. He was associated with MCL Financial Group, Inc. (Firm) from May 17, 2005 through February 7, 2011, where he was registered as a general securities principal, a general securities representative, an investment company products and variable contracts representative, and a direct participation programs representative. Following his February 7th termination, Respondent associated with another member firm. He was associated with that firm from February 14, 2011 through May 17, 2011, where he was registered as a general securities principal and a general securities representative. Respondent is not currently associated with a FINRA regulated firm but is within FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

In October 1999, Respondent entered into an AWC for engaging in private securities transactions without giving his then-member firm prior written notice. Respondent was suspended ten days and fined \$7,500.00.

OVERVIEW

While associated with MCL Financial Group, Inc. (MCL), Merle Gene Walter willfully failed to amend his Form U4 to disclose seven unsatisfied judgments and a federal tax lien, impermissibly borrowed funds from customers, engaged in an undisclosed outside business activity, and engaged in unethical conduct with respect to his handling of an elderly customer's accounts.

FACTS AND VIOLATIVE CONDUCT

Willful Failure to Amend Form U4 to Disclose Judgments and a Federal Tax Lien

Article V, Section 2(c) of the FINRA By-Laws requires that all applications for registration with FINRA be kept current at all times by supplementary amendments filed no later than 30 days after learning of the facts or circumstances giving rise to the amendment. At 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.

During the period of May 2009 through November 2010, seven civil judgments, none of which were ever satisfied, and a federal tax lien were imposed against Respondent. Notwithstanding the above, Respondent willfully failed to amend his Form U4 to disclose the unsatisfied judgments and federal tax lien from the time he first became aware of them, through February 7, 2011, when his registration with the Firm was terminated. Respondent's failure to disclose the tax lien and judgments described above was aggravated by the fact that on December 20, 2010, he completed an Annual Certification wherein he falsely represented that there were no changes to the information on his Form U4 and that he had not been named in any lawsuits.

By willfully failing to amend his Form U4 to disclose unsatisfied judgments and a tax lien, Respondent violated Article V, Section 2(c) of the FINRA By-Laws, FINRA Rule 1122 (for conduct occurring on and after August 17, 2009), NASD IM-1000-1 (for conduct occurring prior to August 17, 2009), and FINRA Rule 2010.

Borrowing from Customers

During the period of April 2006 through January 2011, Respondent borrowed approximately \$191,000.00 from four Firm customers. Respondent did not provide written notice to, or receive written authorization from the Firm to borrow from the customers, in violation of the Firm's policies and procedures. Respondent's conduct is aggravated by the fact that he responded untruthfully to

the borrowing questions contained in his December 20, 2012 Annual Certification.

Such acts, practices and course of conduct constitute violations of NASD Conduct Rule 2370 (for conduct occurring prior to June 14, 2010), NASD Conduct Rule 2110 (for conduct occurring prior to December 15, 2008), FINRA Rule 3240 (for conduct occurring on and after June 14, 2010) and FINRA Rule 2010 (for conduct occurring on and after December 15, 2008) by Respondent.

Undisclosed Outside Business Activity

In April 2009, Respondent charged an elderly customer and her two companies a total of \$75,000.00 for advisory/consulting services provided in 2006, 2007 and 2008. Commencing in April 2009 and continuing through July 2010, Respondent began charging other Firm customers a flat fee for similar services. The typical fee charged by Respondent was \$2,500.00 annually. From 2009 through July 2010, Respondent received in excess of \$50,000.00 in compensation from this activity. Respondent's advisory/consulting business was conducted outside the scope of his employment with the Firm. Respondent did not inform the Firm of this business activity.

By engaging in an outside business activity without providing notice to his employer member firm, Respondent violated NASD Conduct Rule 3030, NASD Conduct Rule 2110 (for conduct occurring prior to December 15, 2008), and FINRA Rule 2010 (for conduct occurring on and after December 15, 2008).

Unethical Conduct

Respondent engaged in unethical conduct with respect to his handling of an elderly customer's accounts. For the years 2006 through 2010, Respondent charged the customer's accounts excessive advisory/consulting fees. In 2010, he double-billed two of her accounts for such services. Respondent then failed to either provide services for the advisory/consulting fees that had been paid for 2010 or refund the same.

By engaging in the above conduct, Respondent violated NASD Conduct Rule 2110 (for conduct occurring prior to December 15, 2008) and FINRA Rule 2010 for conduct occurring on and after December 15, 2008).

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

A bar from association with any FINRA member in any capacity.

In April 2012, Respondent was granted a discharge in bankruptcy under Section 727 of Title 11, United States Code. Accordingly, no monetary sanction is being assessed in this matter.

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 firm.

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 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).

Pursuant to FINRA Rule 8313(e), a bar or expulsion is 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 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.

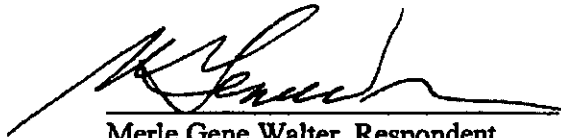
OTHER MATTERS

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 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.

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 Respondent 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.

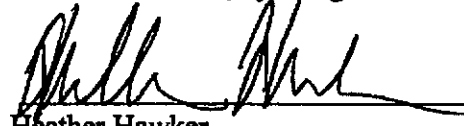
3-1-2013
Date (mm/dd/yyyy)


Merle Gene Walter, Respondent

Accepted by FINRA:

3-11-2013
Date

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


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