

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026550301**

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

RE: Larry Steven Werbel, Respondent
Registered Representative
CRD No. 828351

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Larry S. Werbel, ("Werbel" or "Respondent") 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

In October 1976, Werbel entered the securities industry as a Series 1, Registered Representative at a FINRA registered firm. Thereafter, he obtained his Series 63, Series 7, Series 24 and Series 66 licenses. In February 2009, Werbel became registered with LPL Financial LLC ("LPL"), where he worked until his termination in February 2011. Werbel has been associated with another FINRA registered firm since March 2011.

RELEVANT DISCIPLINARY HISTORY

Werbel has no relevant disciplinary history.

OVERVIEW

In late 2010, Werbel solicited the purchase of a low-priced security, or "penny stock," to eight of his customers, contrary to firm policy. Werbel improperly marked the transactions as unsolicited, thus resulting in violations of NASD

Conduct Rule 3110(a) and FINRA Rule 2010.

Thereafter, Werbel shared the customers' non-public personal information with a third-party stock promoter for the purpose of obtaining additional shares promised by the promoter. Werbel acted in contravention of Securities and Exchange Commission ("SEC") Regulation S-P, 17 CFR § 248.10, thus resulting in a violation of FINRA Rule 2010.

As a result of Werbel's conduct in sharing customer information with the third-party stock promoter, Werbel and certain customers received additional shares through the third-party stock promoter. These private securities transactions, ("PSTs"), occurred away from LPL. Werbel did not provide prior written notification to LPL regarding the transactions, and the transactions were not reflected on LPL's books and records. Accordingly, Werbel violated NASD Rule 3040 and FINRA Rule 2010.

Finally, Werbel purchased another stock directly through the third-party stock promoter; this transaction was neither disclosed to LPL, nor recorded on the firm's books and records. Consequently, Werbel committed an additional violation of NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. NASD Rule 3110(a) – Inaccurate Books and Records

From on or about October 26, 2010 through on or about November 17, 2010, Werbel solicited eight customers to invest in the low-priced security of QLotus Holdings Inc. ("QLTS"), which Werbel himself had previously purchased. Werbel learned of the stock from a third-party stock promoter.

Werbel's firm, LPL, prohibited the solicitation of low-priced securities, such as QLTS. Despite soliciting the customers' purchases of QLTS, Werbel improperly coded their transactions as unsolicited. Consequently, Werbel caused LPL's books and records to be inaccurate in violation of Rules 17a-3 and 17a-4 promulgated under the Securities Exchange Act of 1934.

By reason of the foregoing, Werbel violated NASD Rule 3110(a) and FINRA Rule 2010.

2. FINRA Rule 2010 – Disclosure of Non-Public Personal Information

Prior to the above-referenced customer transactions, Werbel was told by the third-party stock promoter that his customers may be eligible for additional shares of QLTS, should their purchase price prove to be above the Daily Weighted Average Price for the stock.

After the eight customers purchased QLTS in their accounts at LPL, Werbel disclosed their non-public personal information regarding their corresponding securities transactions, to the non-affiliated third-party stock promoter for the purpose of determining whether these customers were eligible to receive additional shares of stock.

Werbel's sharing of his customer's non-public personal information was in contravention of SEC Regulation S-P, 17 CFR § 248.10. By acting in contravention of SEC Regulation S-P, Werbel violated FINRA Rule 2010, which requires representatives to observe high standards of commercial honor and just and equitable principles of trade.

3. NASD Rule 3040 – Failure to Provide Written Notice of PSTs (QLTS)

As a result of the information Werbel provided to the third-party stock promoter concerning the customers' QLTS transactions, at least five customers received additional shares in QLTS through the mail.

A total of at least 9,339 shares were received in this manner, including 4,501 which were received by Werbel in connection with his personal transactions in QLTS. The QLTS shares were not obtained through transactions at LPL, and the transactions were not recorded on the firm's books and records.

Werbel did not give any prior notification, written or otherwise, to LPL regarding the QLTS transactions away from the firm through the third-party stock promoter. Moreover, he did not receive any approval from LPL to engage in the QLTS transactions away from the firm.

By reason of the foregoing, Werbel violated NASD Rule 3040 and FINRA Rule 2010.

4. NASD Rule 3040 – Failure to Provide Written Notice of PSTs (PDGO)

In addition to his transactions in QLTS, Werbel purchased shares in Paradigm Oil and Gas Inc. ("PDGO") from the third-party stock promoter. Werbel sent a wire from his LPL account to the third-party stock promoter and purchased 129,000 shares of PDGO directly from the stock promoter. Werbel received his PDGO shares in January 2011.

Werbel's transaction in PDGO stock was not recorded on LPL's books and records. Werbel gave no prior written notice regarding his purchase of PDGO stock and did not receive approval from LPL to engage in the transaction.

Accordingly, Werbel violated NASD Rule 3040 and FINRA Rule 2010.

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

- A suspension of two months from association with any FINRA registered broker-dealer in any capacity; and,
- A fine in the amount of \$12,500

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.

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.

02-14-2014

Date (mm/dd/yyyy)

L S Werbel
Larry S. Werbel, Respondent

Reviewed by:

Howard Groedel

Howard Groedel, Esq.
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Accepted by FINRA:

3/10/14

Date

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

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