

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011027039801**

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

RE: Dale W. Davenport, Respondent
CRD No. 1283989

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

Dale W. Davenport ("Davenport") first became registered with a FINRA member firm in 1984. He was associated with various firms before registering with Investors Capital Corp. ("ICC") as a General Securities Representative on November 22, 2002. ICC terminated Davenport's registration on March 28, 2011, "subsequent to an internal review that resulted in a finding that he paid a referral fee to a third party that was not approved by the firm." He is currently, and since April 15, 2011 has been, registered with FINRA member Newbridge Securities Corporation.

RELEVANT DISCIPLINARY HISTORY

Davenport has no disciplinary history.

OVERVIEW

In 2009 and 2011, respectively, the Internal Revenue Service ("IRS") filed liens for unpaid taxes on Davenport's home. Davenport willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to report the 2009 lien and willfully failed to timely amend his Form U4 to report the 2011 lien. As a result, he violated Article V, Section 2 of the FINRA By-Laws, and FINRA Rules 1122 and 2010. In addition, Davenport shared commissions with a person who was not registered, in violation of NASD Rule 2420 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Tax Liens

On February 5, 2009, the IRS recorded a lien in the amount of \$9,108.97 against Davenport's home. Around a year later, Davenport satisfied his tax obligations and, on March 8, 2010, the IRS released the lien. Davenport, however, never amended his Form U4 to report the \$9,108.97 tax lien. On July 11, 2011, the IRS recorded a second lien, in the amount of \$30,667.88, against Davenport's home. Although he was aware of the lien by no later than December 2012, Davenport did not amend his Form U4 to report the \$30,667.88 lien until April 30, 2013, nearly two years after it was recorded. Davenport's failure to report the \$9,108.97 tax lien and his failure to timely report the \$30,667.88 lien were willful. By willfully failing to amend his Form U4 to report the \$9,108.97 lien and timely report the \$30,667.88 lien, Davenport violated Article V, Section 2 of the FINRA By-Laws, and FINRA Rules 1122 and 2010.

Commission Sharing

In the fall of 2010, while registered with ICC, Davenport began a business relationship with MB, an individual who has never been registered with a member firm. Pursuant to the business relationship, Davenport was to pay MB for introductions to potential customers. Among the potential customers that MB referred to Davenport was PL, an extremely wealthy widow who opened an account with Davenport at ICC in the fall of 2010.

Davenport paid MB for the PL referral based on commissions generated from transactions in PL's account. He used a formula to calculate MB's fee pursuant to which he and MB evenly split the first \$25,000 in commissions, MB received 55% of any commission amount between \$25,000 and \$50,000, and MB received 60% of any commission amount above \$50,000. Davenport paid \$43,664 to a company that MB owned for transactions that occurred in PL's account during 2010, and paid MB's company \$19,738 for transactions that occurred in early 2011.

NASD Rule 2420 prohibits registered representatives from sharing commissions with non-registered persons. By allowing MB to share in commissions generated by the PL account, Davenport violated NASD Rule 2420 and FINRA Rule 2010.

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

- A suspension from association with any FINRA member in any capacity for a period of six months; and
- A fine of \$7,500

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such fine is 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).

I understand that this settlement includes a finding that I 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 me 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.

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.

12/27/2013
Date (mm/dd/yyyy)

[Signature]
Dale W. Davenport

Reviewed by:

[Signature]
Gregg Breitbart, Esq.
Kaufman Dolowich & Voluck
One Boca Place
2255 Glades Road, Suite 300E
Boca Raton, FL 33431

Accepted by FINRA:

1/12/14
Date

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

[Signature]
James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive
Third Floor
Rockville, MD 20850
Tel: 301-258-8520
Fax: 301-208-8090