

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20110270486-01**

TO: Office of Fraud Detection and Market Intelligence
Financial Industry Regulatory Authority ("FINRA")

RE: Gary Harrison Lane, Respondent
CRD No. 713745

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Gary Harrison Lane ("Lane" 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

From July 12, 1999 until March 23, 2011, Lane was employed at a former legacy FINRA member firm (and its successor FINRA member firm as a result of a merger), where he was registered as a General Securities Registered Representative. On March 23, 2011, the above successor FINRA member terminated Lane's employment and thereafter filed a Form U5 terminating his registration on March 25, 2011, as a result of the misconduct that is the subject of this AWC. Lane has worked in the securities industry as a registered person for more than 29 years at seven different FINRA member firms. Lane is not currently associated with a FINRA member firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4, of FINRA's By-Laws. He has no disciplinary history.

FACTS AND VIOLATIVE CONDUCT

Lane converted to his own use \$4.93 million in checks from eight customers (Violations of NASD Rules 2330(a) and 2110, and FINRA Rules 2150(a) and 2010).

1. From July 11, 2005 through February 28, 2011, Lane converted to his own personal use a total of \$4.93 million in checks from eight customers who were misled by Lane into believing they were investing in U.S. Treasury bonds and/or corporate bonds. Instead of investing the customers' money in U.S. Treasury or corporate bonds, Lane, on at least 29 separate occasions and without authorization, deposited checks drawn on the above customers' accounts into his spouse's account to effectuate the above conversion of the customers' funds for Lane's personal use.
2. In furtherance of his scheme and in an effort to disguise his conversion of customer funds, Lane made a total of more than \$736,000 in payments to at least six of the affected customers during the course of his misconduct, via cash payments or, on at least fourteen occasions, by transferring funds from his spouse's account to a bank account bearing the name of the United States from which cashier's checks were issued to the customers.
3. By converting and making improper use of his customers' funds, Lane violated NASD Rule 2330(a) (for his misconduct occurring prior to December 14, 2009), NASD Rule 2110 (for his misconduct occurring prior to December 15, 2008), FINRA Rule 2150(a) (for his misconduct occurring on or after December 14, 2009), and FINRA Rule 2010 (for his misconduct occurring on or after December 15, 2008).

Lane created fictitious receipts and certifications purporting to confirm his customers' ownership in non-existent investments in order to conceal his conversion of customers' funds (Violations of NASD Rule 2110 and FINRA Rule 2010).

4. In an effort to conceal his above-mentioned conversion of his customers' funds, Lane, on at least 38 separate occasions, created and provided his customers fictitious receipts and typed certifications purporting to confirm his customers' above-mentioned non-existent investments in U.S. Treasury bonds and/or corporate bonds.

5. By creating and providing to his customers fictitious receipts and certifications concerning the customers' purported ownership in non-existent investments in U.S. Treasury and corporate bonds, Lane, in the conduct of his business, failed to observe high standards of commercial honor and just and equitable principles of trade in violation of NASD Rule 2110 (for his misconduct occurring prior to December 15, 2008) and FINRA Rule 2010 (for his misconduct on or after December 15, 2008).

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

A bar in all capacities from associating with any FINRA member.

I understand that if I am barred from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

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 prejudice 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:

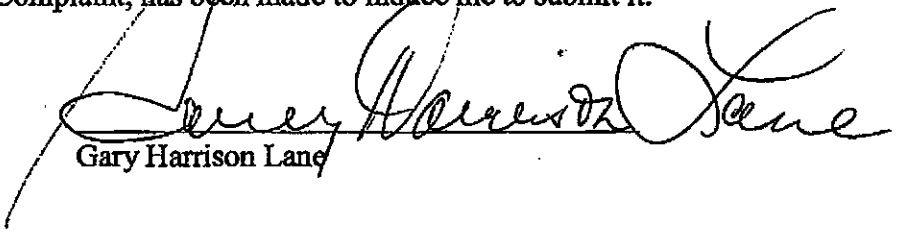
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

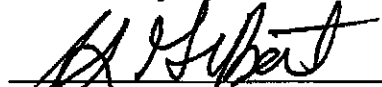
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

8/16/11

Date


Gary Harrison Lane

Reviewed by:



Joey Gilbert
Counsel for Respondent
Joey Gilbert & Associates, Ltd
540 W Plumb Lane 1c
Reno, NV 89509
Phone Number: (877) 771-6036

Accepted by FINRA:

9/12/11

Date

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



Cameron K. Funkhouser
Executive Vice President
Office of Fraud Detection and
Market Intelligence