

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011027273901**

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

RE: Ann Shirley Holman, Respondent
Registered Representative
CRD No. 2281738

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

Ann Shirley Holman ("Holman") entered the securities industry in September 1992 when she became employed as a registered representative with Merrill Lynch, Pierce, Fenner & Smith Incorporated, where she remained until January 1995. Holman was then employed by several FINRA member firms until she joined ProEquities, Inc. ("ProEquities" or the "Firm") in December 2006. Holman remained with ProEquities until July 31, 2011, when she retired.

On August 29, 2011, ProEquities filed a Uniform Termination Notice for Securities Industry Registration ("Form U5"), reporting Holman's retirement. Although Holman is no longer employed in the securities industry, she remains subject to FINRA's jurisdiction pursuant to FINRA By-Law Article V, Section 4, until at least August 28, 2013.

RELEVANT DISCIPLINARY HISTORY

Holman has no relevant disciplinary history.

OVERVIEW

Between December 2009 and July 2011, while registered with ProEquities, Holman engaged in an outside business activity by serving as a trustee for Firm customer JDH. Holman did not provide prompt written notice of this activity to the Firm. By failing to give the requisite notice, Holman violated NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010.¹

During the period 2007 to 2010, Holman made false statements to the Firm in five annual Registered Representative Audits ("Annual Audit") and two Outside Business Activities questionnaires ("OBA Questionnaire") by representing that she (1) had not received gifts from JDH, and (2) had not been appointed as JDH's trustee. By making these false statements, Holman violated NASD Rule 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. Holman's Undisclosed Outside Business Activities

NASD Rule 3030 and FINRA Rule 3270 prohibit any person associated with a member firm from being employed by, or accepting compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless the person has provided prompt written notice to the member. The notice must be given at the time steps are taken to commence a business activity. NASD Rule 3030 and FINRA Rule 3270 apply to both compensated and uncompensated business activities.

ProEquities required employees to disclose all outside business activities at the time they joined the Firm and to seek and obtain written approval to engage in any outside business activities while employed with the Firm.

ProEquities had a separate policy that required employees to obtain the Firm's prior written approval before serving as a trustee for anyone other than a member of the employee's immediate family. The Firm also required employees to certify in an Annual Compliance Agreement that they would not "serve as the trustee, guardian, executor, administrator or attorney in fact of any customer other than a member of my immediate family, without requesting and receiving the Firm's express written consent."

On or around December 1, 2009, Holman became the trustee of a trust established by JDH, a Firm customer. Holman was not an immediate family member of JDH. Holman continued to serve as trustee for JDH until her retirement from ProEquities.

¹ FINRA Rule 3270 replaced NASD Rule 3030 on December 15, 2010. FINRA Rule 2110 replaced NASD Rule 2010 on December 15, 2008.

Holman failed to provide prompt written notice to the Firm regarding her appointment as JDH's trustee.

By engaging in an outside business activity without providing prompt written notice to her member firm employer, Holman violated NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010.

2. Holman's False Statement to ProEquities

NASD Rule 2110 and FINRA Rule 2010 provide that a member, "in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

Holman made false statements to the Firm, which violated NASD Rule 2110 and FINRA Rule 2010.

a. Holman's False Statements Concerning Receipt of JDH's Gifts

ProEquities conducted Annual Audits of Holman's branch during which the Firm examiner posed questions to Holman, recorded her responses on the computer, and electronically submitted them to the Firm. The Firm did not prohibit employees from receiving gifts from customers, but did require that they disclose to the Firm in their Annual Audit the receipt of all customer gifts in excess of \$100 except for immediate family members.

During the January 24, 2007 Annual Audit, Holman was asked: "In the past 24 months, have you received a gift over \$100 to or from any broker/dealer, financial institution, client, product sponsor or any associated entities?" Although JDH gave Holman two gifts in 2006 totaling \$10,250, Holman falsely stated that she had not received a gift from a client greater than \$100.

During the July 24, 2007 Annual Audit, Holman was asked: "In the past 12 months, have you received a gift over \$100 to or from any broker/dealer, financial institution, client, product sponsor or any associated entities?" Although JDH gave Holman a \$5,000 gift on July 6, 2007, Holman falsely stated that she had not received a gift from a client greater than \$100.

During the July 28, 2008 Annual Audit, Holman was asked: "In the past 12 months, have you received a gift over \$100 to or from any broker/dealer, financial institution, client, product sponsor or any associated entities?" Although JDH gave Holman four gifts totaling \$16,424 during the period January 28th to June 30, 2008, Holman falsely stated that she had not received a gift from a client greater than \$100.

During the March 25, 2009 Annual Audit, Holman was asked: "In the past 12 months, have you received a gift over \$100 to or from any broker/dealer, financial institution, client, product sponsor or any associated entities?" Although JDH gave Holman three

gifts totaling \$7,000 during the period September 10, 2008 to December 3, 2008, Holman falsely stated that she had not received a gift from a client greater than \$100.

During the September 9, 2010 Annual Audit, Holman was asked: "In the past 12 months, have you given or received a gift over \$100 to or from any broker/dealer, financial institution, client, product sponsor or any associated entities?" Although JDH gave Holman four gifts totaling \$38,500 during the period October 2, 2009 to April 22, 2010, Holman falsely stated that she had not received a gift from a client greater than \$100.

Holman violated NASD Rule 2110 and FINRA Rule 2010 by making false statements to the Firm in response to questions in five Annual Audits.

b. Holman's False Statements Concerning Her Outside Business Activity

Holman completed an OBA Questionnaire on September 14, 2010 and on February 18, 2011. In each OBA Questionnaire, Holman was asked: "Are you acting as, or have you been designated to act as, an administrator or executor of an estate or trustee of a trust." Although Holman had been the trustee of JDH's trust since December 1, 2009, she falsely stated that she was not a trustee of a trust.

During both the September 9, 2010 and April 19, 2011, Annual Audits, Holman was asked "[d]o you act as legal fiduciary (Trustee, Custodian, Conservator, or Executor) for any customer accounts (excluding family accounts)?" Although Holman had been the trustee of JDH's trust since December 1, 2009, she falsely stated that she was not a trustee of a trust.

Holman violated NASD Rule 2110 and FINRA Rule 2010 by making false statements to the Firm in the OBA Questionnaires and Annual Audits.

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

a five-month suspension from association with any member of FINRA in any capacity; and

a \$15,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the five-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

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

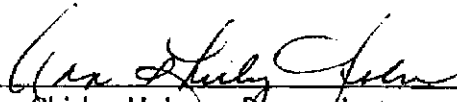
I understand that:

- 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.

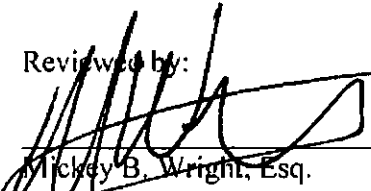
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that

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.

3-6-2013
Date


Ann Shirley Holman, Respondent

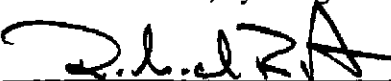
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Accepted by FINRA:

3-18-13
Date

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


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