

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011027329601**

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

RE: Christopher Somes Babcock (CRD No. 5004907),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Christopher Somes Babcock ("Babcock" 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

On September 21, 2005, Babcock first became registered with FINRA as a General Securities Representative ("GSR"). Thereafter, from December 1, 2007 to June 1, 2009, he was registered in that same capacity through Citigroup Global Markets, Inc. (BD No. 7059) ("Citigroup").

On June 1, 2009, as a result of a mass transfer of personnel from Citigroup to Morgan Stanley Smith Barney (BD No. 149777) ("MSSB"), Babcock became registered as a GSR with FINRA through an association with MSSB where he worked in the firm's Conshohocken, Pennsylvania branch office.

On February 17, 2011, MSSB filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") stating that Respondent was discharged due to his failure to meet management's expectations for production and the termination was non-sales practice related. His last date of employment was February 2, 2011.

On April 4, 2011, Citigroup filed a Form U5 Amendment and disclosed for the first time FINRA arbitration number 11-01124 filed by customer RR on March 18, 2011. Citigroup indicated: "Claimant alleges, *inter alia*, that from January of 2009 through August 2010 the financial advisor engaged in selling away when he used the claimant's money to purchase investments that were outside the firm."

On April 4, 2011, MSSB filed a Form U5 Amendment that was identical to the Amendment filed by Citigroup regarding the RR arbitration.

On April 26, 2012, Citigroup filed another Form U5 Amendment and disclosed for the first time FINRA arbitration number 12-01369 filed by customers JG and TA on April 13, 2012. Citigroup indicated: "Claimants allege, *inter alia*, that beginning in December of 2007 the financial advisor engaged in selling away by investing their funds outside of the firm and made unsuitable investments in their accounts."

Currently, Babcock is not registered or associated with any member firm. Babcock remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Babcock does not have any relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

FACTS AND VIOLATIVE CONDUCT

1. Conversion (NASD Conduct Rule 2330 and FINRA Rules 2150 and 2010)

From in or around January 2009 through at least July 2010, while registered with Citigroup and then MSSB, Respondent received approximately \$160,000 from the following Citigroup and/or MSSB customers:

- RR (\$90,000),
- TA (\$45,000), and
- JG (at least \$25,000)

Essentially, Respondent instructed the customers to wire monies from their Citigroup or MSSB accounts to their personal bank accounts and to then either wire money to him or write a check payable to him.

The money was given to Respondent with the intent that it be used for investment purposes. However, after receiving the funds, Respondent failed to invest the funds as the customers expected. Instead, Respondent converted the funds to his own use and benefit. In some instances, Respondent would deposit the funds in

his personal brokerage account or a third party's personal brokerage account. By this conduct, Babcock violated NASD Conduct Rule 2330 (for conduct before December 14, 2009) and FINRA Rules 2150 (for conduct after December 13, 2009) and 2010.

2. False Account Summaries (FINRA Rule 2010)

From in or around March 2009 through November 2009, while registered with Citigroup and then MSSB, Respondent mailed written account summaries to customer RR without Citigroup's or MSSB's knowledge and review. Citigroup and MSSB were thereby prevented from fulfilling its supervisory obligations regarding non-electronic business correspondence under NASD Conduct Rule 3010(d) and prevented Citigroup and MSSB from preserving the correspondence in conformance with recordkeeping rules. At least two of the statements (October and November 2009) forwarded to RR falsely inflated the value of RR's portfolio. By this conduct, Babcock violated FINRA Rule 2010.

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

- a bar from association with any FINRA member in any and all capacities.

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

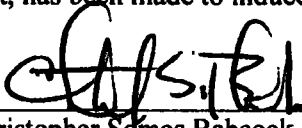
I understand that:

- 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: (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.

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.

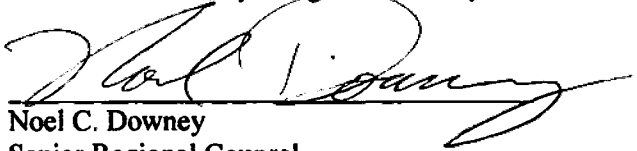
4/18/14
Date (mm/dd/yyyy)


Christopher Somes Babcock

Accepted by FINRA:

4/22/2014
Date

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


Noel C. Downey
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