

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011028731401**

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

RE: David Albert Urovsky (CRD No. 1806732),
General Securities Representative,
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, David Albert Urovsky ("Urovsky" 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 May 25, 1988, Urovsky first became registered with FINRA as a General Securities Representative. On September 16, 1998, he became registered with FINRA as a General Securities Principal.

From September 26, 2002 to August 29, 2011, Urovsky was registered in those two capacities through Raymond James Financial Services, Inc. (BD No. 6694) ("RJFS" or the "Firm"). On August 29, 2011, RJFS filed a Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Urovsky had been discharged for "failure to follow firm policy relating to borrowing money from a client" and "failure to properly supervise satellite office."

Since November 4, 2011, Urovsky has been registered with FINRA as a General

Securities Representative through another FINRA member firm. From November 4, 2011 to April 11, 2012, he was also registered with FINRA as a General Securities Principal through that member firm.

RELEVANT DISCIPLINARY HISTORY

On March 1, 2012, the Maryland Securities Commissioner issued a Consent Order (Docket No. 2011-0413) against Urovsky finding, among other things, that he had borrowed money from customers LF, DR, DV, CT and AT without disclosing the loans to RJFS. Pursuant to that Consent Order, the Maryland Securities Commissioner imposed, among other things, a \$20,000 fine, a three-year suspension from acting in a principal capacity at a broker-dealer and required special supervision against Urovsky.

Urovsky has no other relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

OVERVIEW

Urovsky borrowed a total of \$400,500 from six of his customers at the Firm. This conduct violated NASD Conduct Rules 2370 and 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

From 2005 to 2010, while he was registered with FINRA through an association with RJFS, Urovsky borrowed a total of \$400,500 from six of his RJFS customers as follows:

- In or about April 2005, Urovsky borrowed \$150,500 from customer LF. The loan's terms, 1% interest per month with the full repayment due on June 30, 2010, were later documented in a May 7, 2010 promissory note. Urovsky paid off this loan in 2010.
- In August 2009, Urovsky borrowed \$100,000 from customers DR and JR (husband and wife). DR was a former RJFS registered representative and colleague of Urovsky's. The promissory note, dated August 28, 2009, provided that Urovsky would pay 10% annual interest on the loan with full repayment due in June 2012. Urovsky paid off this loan in May 2012.
- In August 2009, Urovsky borrowed \$100,000 from customer DV, who was a former RJFS registered representative and colleague of Urovsky's. The promissory note, dated August 28, 2009, provided that Urovsky would pay 10% annual interest on the loan with full repayment due in

June 2012. In 2011, another RJFS registered representative, who was a co-signer on the original note, assumed full responsibility for repayment of the remaining debt to customer DV.

- In January 2010, Urovsky borrowed \$50,000 from customers CT and AT (husband and wife). The promissory note, dated January 14, 2010, provided that Urovsky would pay 8% annual interest on the loan with full repayment due on July 31, 2014. Urovsky paid off this loan in October 2011.

Urovsky used the \$350,500 from the first three loans to acquire financial advisory practices from departing RJFS colleagues. RJFS knew about Urovsky's intention to purchase those practices, but not the loans he obtained from Firm customers. Urovsky used the \$50,000 from the fourth loan for personal expenditures.

RJFS' procedures generally prohibited registered representatives from borrowing money from a customer. The Firm sometimes grants exceptions (e.g., when the lender is a family member, friend or otherwise has a preexisting relationship with the representative), but an executive officer must approve the loan. Urovsky, however, did not seek or obtain the Firm's approval before entering into the loans.

By borrowing money from his customers in contravention of the Firm's procedures, Urovsky violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 2370 and FINRA Rule 2010 (for conduct after December 14, 2008).

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

- a suspension from association with any FINRA member in any and all capacities for a period of one month; and
- a \$5,000 fine.¹

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment 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 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

¹ In determining sanctions, FINRA took into account the sanctions imposed by the Maryland Securities Commissioner against Urovsky for the same conduct alleged herein.

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;
- 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; and
- 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.

5/20/2013
Date (mm/dd/yyyy)

David Albert Urovsky
David Albert Urovsky

Reviewed by:

Janet K. DeCosta, Esq.
Counsel for Respondent
International Square
1825 Eye Street, N.W.
Suite 400
Washington, D.C. 20006
(202) 638-3344

Accepted by FINRA:

6/18/13
Date

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

John M. D'Amico
Senior Regional Counsel
FINRA/Department of Enforcement
99 High Street, Suite 900
Boston, MA 02110
Phone: 617-532-3428
Fax: 202-721-6583

DAVID A. UROVSKY'S STATEMENT OF CORRECTIVE ACTION

In accordance with the March 1, 2012 Order Granting Conditional Registration (the "Order") entered by the State of Maryland, I have undertaken the following corrective action:

1. I will not apply or reapply, in the capacity as a control person, principal, or owner, for registration in Maryland as a broker-dealer through March 1, 2015. I shall not apply or reapply, in the capacity as a control person, principal, or owner, for registration in any state as a broker-dealer.

2. For a period of three years from the date of my application for registration as an agent of Capitol Securities Management, Inc. ("Capitol Securities"), I will not serve in a supervisory capacity, including as a branch manager, for a broker-dealer.

3. Mark Melrose, or his successor at Capitol Securities or his successor at any other broker-dealer where I may be employed or otherwise affiliated (jointly "Mr. Melrose"), shall be responsible for supervision and/or monitoring my transactions and conduct, through March 1, 2015, as follows:

- a) Daily review and analysis of all order tickets;
- b) Analysis of all monthly statements for all of my accounts;
- c) Quarterly discussions with a sampling of my customers in order to ascertain any potential problems; and
- d) Review of all correspondence to and from me and my customers.

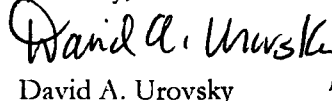
4. Mr. Melrose shall visit my place of business on at least a weekly basis through March 1, 2013 and on at least a bi-weekly basis through March 1, 2015.

5. Capitol Securities or any successor broker-dealer where I may be employed or otherwise affiliated will send a "welcome letter" to each new client account relationship which I open through March 1, 2015. The "welcome letter" identifies Mr. Melrose as my supervisor and invites the client(s) to contact Mr. Melrose with any questions or concerns which they may have.

6. I will attest, on a quarterly basis through March 1, 2015, that I am in compliance with Capitol Securities written policies and procedures, that I have not entered into any loan arrangements with existing clients, and that I understand the policies and procedures relating to loans with clients, as set forth by FINRA, the State of Maryland, and Capitol Securities.

7. I will discuss my outside business activities, if any, with Capitol Securities' Chief Compliance Officer on a quarterly basis through March 2015.

Sincerely,



David A. Urovsky

This Corrective Action Statement is submitted by David Urovsky. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.