

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20110295141-01**

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

RE: William Thomas Johnson, Jr., Respondent
CRD No. 1189117

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, William Thomas Johnson, Jr. ("Johnson" 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

Johnson was registered with FINRA member firms from 1989 to through December 31, 2009 and from March 4, 2010 through June 8, 2010 when his most recent employer firm filed a Form U5 terminating his registration. His prior FINRA member firm filed an amended Form U5 on September 26, 2011, and it contained customer allegations of conversion while Johnson was registered with the firm. He 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.

RELEVANT DISCIPLINARY HISTORY

On April 28, 1988, Johnson was permanently barred from association with a broker dealer or investment advisor by the State of Maine, Bureau of Banking, Securities Division, for violating Maine statutes related to Sale of Unregistered Securities and Securities Fraud. On August 6, 2009, the State of Maine Securities Administrator lifted the bar against Johnson.

On March 3, 1990, Johnson filed a notice of voluntary dismissal with the State of Florida Department of Banking and Finance. The dismissal concerned allegations that Johnson had allowed at least five representatives to solicit customers and sell securities prior to their registration and that Johnson had allowed his registered representative number to be used by three other individuals.

SUMMARY

Between approximately June 2007 and April 2010, while registered with a FINRA member firm, Johnson accepted approximately \$100,000 in funds from his customer, deposited those funds into a bank account that he had control over, and concealed receipt of those funds from his employing member firm.

FACTS AND VIOLATIVE CONDUCT

1. From June 2007 through December 31, 2009, and from March 4, 2010 through June 8, 2010, Johnson was employed at a FINRA member firm where he served as a General Securities Registered Representative.
2. In June 2007, a customer transferred approximately \$47,000 from his brokerage account to Johnson after Johnson made the representation to the customer, which was false when made, that Johnson would use the funds to purchase corporate bonds for the customer. Contrary to this representation, Johnson accepted the funds, deposited the funds into a bank account under his control, and made improper use of the funds, which included the payment of personal expenses. Johnson never purchased corporate bonds for his customer.
3. By reason of the foregoing, Johnson, in connection with the purchase or sale of a security, directly or indirectly, by use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly, employed a device, scheme or artifice to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 thereunder, and in violation of NASD Rules 2110 and 2120. Johnson's conduct also violated NASD Rule 2330(a).
4. Between June 2007 and December 31, 2009, and between March 4, 2010 and April 2010, a customer transferred approximately \$53,000 from his personal bank account to Johnson after Johnson made the representation to the customer, which was false when made, that Johnson would use the funds to purchase a certificate of deposit for the customer. Contrary to this representation, Johnson accepted the funds, deposited the funds into a bank account under his control, and made

improper use of the funds, which included the payment of personal expenses. Johnson never purchased a certificate of deposit for his customer. Johnson's conduct violated NASD Rule 2330(a) (for misconduct before December 14, 2009) and FINRA Rule 2150(a) (for misconduct beginning December 14, 2009).

5. In addition, Johnson's misrepresentations to his customer, and his improper use and conversion of his customer's funds, constituted a failure in the conduct of his business to observe high standards of commercial honor and just and equitable principles of trade in violation of NASD Rule 2110 (for misconduct before December 15, 2008) and FINRA Rule 2010 (for 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).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 thereunder. Pursuant to Article III, Section 4 of FINRA's By-Laws, this 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. 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 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 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.

6-1-12
Date

William T. Johnson, Jr.
William Thomas Johnson, Jr.

Reviewed by:

Michael Salnick
Michael Salnick
Counsel for Respondent
Salnick, Fuchs & Bertisch, P.A.
250 South Australian Avenue, Suite 1203
West Palm Beach, Florida 33401
(561) 471-1000

Accepted by FINRA:

6/26/12
Date

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

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