

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011029524101**

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

RE: Neil C. Winterrowd, Respondent
CRD No. 2481571

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Neil Winterrowd ("Winterrowd") (CRD No. 2481571) entered the securities industry in April 1994. Winterrowd obtained his Investment Company Products/Variable Annuity Representative License (Series 6) and his General Securities Representative Licenses (Series 7) in 1994 and 2002, respectively. He worked at various member firms until, in August 2009, Winterrowd transferred to J.P. Turner & Company, LLC ("JP Turner").

Winterrowd has not been employed in the brokerage industry since September 21, 2011 after he was discharged from JP Turner for improper handling of customer funds. Pursuant to Article V, Section 4 of the FINRA By-laws, FINRA retains jurisdiction over Winterrowd for purposes of this proceeding.

RELEVANT DISCIPLINARY HISTORY

Winterrowd has no prior disciplinary history.

OVERVIEW

During the period of August 12, 2009 through September 21, 2011 (“the relevant period”), Winterrowd violated NASD Rule 2330(a)¹ and FINRA Rules 2150(a) and 2010 by misappropriating approximately \$1.5 million from at least four different customers, and using the funds for his own purposes.

FACTS AND VIOLATIVE CONDUCT

During the relevant period, Winterrowd worked as a General Securities Representative at branch offices of JP Turner in Irvine and Los Angeles, California. Winterrowd provided a variety of financial services to his clients, including recommendations of annuity products. Winterrowd also sold both life insurance and fixed annuities. Many of Winterrowd’s customers held brokerage accounts at JP Turner but, he also serviced some customers who held financial products which did not need to be sold through a registered firm.

During the relevant period, Winterrowd misappropriated approximately \$1.5 million from at least four different customers by directing withdrawals from customer accounts to a company under his control for his own benefit. These funds represented partial withdrawals, complete surrenders and the proceeds of a death benefit. Checks were made payable to Annuity Investment Group, an entity owned and controlled by Winterrowd. Both Annuity Investment Group and Winterrowd shared the same mailing address in Irvine, California. After funds were deposited in the bank accounts of Annuity Investment Group, Winterrowd improperly and without his clients’ knowledge or consent used the vast majority of the converted funds for his own benefit.

Customer DL

During the relevant period, DL was a client of Winterrowd and held accounts with JP Turner. On or around April 7, 2011, Winterrowd submitted a request to withdraw \$125,000 from DL’s variable annuity contract. Winterrowd told DL that the withdrawal was to fund a different annuity contract with another insurance company. Winterrowd instructed DL to make Annuity Investment Group the payee and have the withdrawal check sent to his office.

¹ Effective December 14, 2009, NASD Rule 2330 (Customers’ Securities or Funds) was converted to FINRA Rule 2150 (Improper Use of Customers’ Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts).

Between May 9, 2011 and June 14, 2011, Winterrowd submitted three more withdrawal requests from DL's policy. The three withdrawals totaled an additional \$150,000 and were executed with Annuity Investment Group designated as the payee.

All of the withdrawn funds from DL's account during the relevant period were deposited into the account of Annuity Investment Group for Winterrowd's personal use. All of the withdrawals from DL's account were subject to a 10% IRS penalty because DL was under the age of 59 ½ at the time of the withdrawals.

Customer JS

During the relevant period, JS was a customer of Winterrowd and held at least two variable annuity contracts. On or around December 11, 2009, Winterrowd completed a withdrawal request form in the amount of \$300,000 and provided it to JS for his signature. JS believed the funds from the withdrawal were to be used to pay premiums on other insurance products owned by JS. Winterrowd designated Annuity Investment Group as the payee on the withdrawal form and instructed the insurance company to mail the check to his office.

Between March 19, 2010, and January 25, 2011, Winterrowd submitted 10 additional withdrawal requests, collectively totaling over \$733,000, from accounts of JS that named Annuity Investment Group as the payee. All of the withdrawal requests designated Annuity Investment Group as the payee and directed that checks be mailed to Winterrowd's office.

The funds from all 11 withdrawal requests during the relevant period were deposited into an account of Annuity Investment Group and Winterrowd spent the vast majority of those funds for his personal use.

Customer CN

During the relevant period, CN was a customer of Winterrowd and held at least two variable annuity contracts. On or about August 18, 2009, CN fully surrendered two contracts. Winterrowd completed the withdrawal request forms and provided them to CN for her signature. CN believed that Winterrowd would hold the proceeds for her sole benefit.

The two withdrawals collectively totaled approximately \$160,000. Annuity Investment Group was the payee of both surrendered contracts. Checks for the value of the surrendered contracts were made out to Annuity Investment Group and mailed to Winterrowd's address in Irvine, California.

The funds from these withdrawals were deposited into an account of Annuity Investment Group and Winterrowd spent a significant portion of the funds for his personal benefit. These withdrawals incurred a 10% IRS penalty because CN was under the age of 59 ½ at the time of the contract surrenders.

Customer NM

NM, along with her late husband AM, were clients of Winterrowd. Prior to his death on August 2, 2009, AM received regular monthly withdrawals from his annuity contract, beginning in September 2001. NM was identified as the beneficiary of the death benefit under the terms of the contract.

On or about September 3, 2009, Winterrowd submitted a request for a lump sum payment of the death benefit. Winterrowd completed a claimant statement on behalf of NM to process the death benefit payment and provided the form to her for her signature. Winterrowd identified Annuity Investment Group as the payee.

A check for the full amount of the death benefit, approximately \$30,000, made payable to Annuity Investment Group, was mailed to Winterrowd's Irvine, California office. Winterrowd converted these funds by depositing them into the Annuity Investment Group account and then spent the vast majority of the funds for his personal benefit.

Summary

By misappropriating approximately \$1.5 million during the relevant period from at least four customers for his own personal use, Winterrowd violated NASD Rule 2330(a) for the period prior to December 14, 2009 and FINRA Rules 2150(a) for the period from December 14, 2009 through September 20, 2011. By virtue of those violations, Winterrowd violated FINRA Rule 2010.

- B. Respondent also consents to the imposition of the following sanctions:

To be permanently barred from associating with any FINRA registrant in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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), the bar shall become effective upon approval or acceptance of this AWC:

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 him; and
- C. If accepted:
 - 1. this AWC will become part of his permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about his 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. Respondent 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. Respondent 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 Respondent’s right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

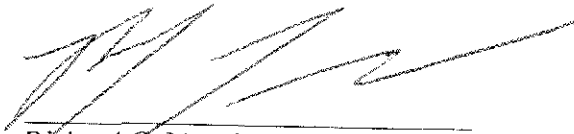
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein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

10-23-2012

Date (mm/dd/yyyy)

Neil C. Winterrowd
Neil C. Winterrowd

Reviewed by:

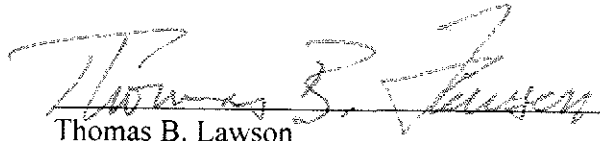


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Accepted by FINRA:

11/5/12
Date

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



Thomas B. Lawson
Vice President and Chief Counsel
FINRA Department of Enforcement
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