

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011029621801

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

RE: Huel Cox, Jr., Respondent
Former Registered Representative
CRD No. 1638341

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Huel Cox, Jr. ("Cox" or "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 Cox alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Cox 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

In May 1987, Cox became registered as an Investment Company Products/Variable Contracts representative ("IR") with FINRA through an association with the Phoenix, Arizona branch office of PFS Investments Inc. (BD No. 10111) ("PFS Investments" or the "Firm"). On November 8, 2011, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") disclosing that Cox had been discharged for alleged misappropriation of customer funds. Cox is not currently associated or registered with any FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Cox has the following relevant disciplinary history, related to the events leading to this matter:

- On February 6, 2013, the Arizona Corporation Commission issued a Consent Order (the "Order") in the matter of Huel Cox, Docket No. S-20862-12-0428, Decision No. 73663. The Order found that Cox deposited a customer's funds into his personal banking account instead of investing the funds as represented, in violation of Securities Act of the State of Arizona. Cox was ordered to pay \$85,573.89 to the State of Arizona for further disbursement as restitution. Additionally, Cox was ordered to pay an administrative penalty of \$10,000. The Order also revoked Cox's Arizona securities salesman registration.

Cox does not have any additional disciplinary history with the Securities and Exchange Commission, FINRA or any other self-regulatory organization.

OVERVIEW

This matter concerns Cox's conversion of customer funds. Between August 2005 and November 2009, Cox recommended various purported real estate investments to a friend, who also was a customer of the Firm. The customer, DS, gave Cox at least \$206,398.89 for the alleged investments. Cox never made the promised investments on DS's behalf. Instead, Cox misappropriated the funds. By reason of the foregoing, Cox violated NASD Rules 2330 and 2110 and FINRA Rule 2010.¹

FACTS AND VIOLATIVE CONDUCT

Between August 2005 and November 2009, Cox solicited a PFS Investments customer, DS, to make various investments in real estate and a casino. DS agreed to make the investments and, over a period of years, wrote personal checks payable to Cox for the purported investments. For example:

- In August 2005, Cox recommended that DS invest in a casino. DS wrote a \$30,000 check payable to Cox for an alleged investment in a casino investment. Rather than invest the money, Cox deposited the check into his personal bank account outside the Firm and used it for his personal expenses.
- In June 2007, Cox recommended that DS invest money in a property undergoing home improvements. DS wrote a \$35,000 check payable to Cox for the alleged real estate investment. Cox deposited the check into his personal bank account outside the Firm and used it for his personal expenses.
- In September 2007, Cox recommended that DS make another investment in real estate. Thereafter, between September 2007 and March 2008, DS

¹Effective December 15, 2008, FINRA Rule 2010 replaced NASD Rule 2110.

wrote multiple checks totaling \$61,300, each payable to Cox. As with the other purported investments, Cox deposited the checks into two of his personal bank accounts outside the Firm and used the monies for his own personal expenses.

- In March 2008, Cox recommended that DS invest money in another property. DS wrote a \$15,000 check payable to Cox. Cox also deposited this check into his personal bank account outside the Firm and used it for his own personal expenses.
- Between October 2007 and November 2009, DS continued to provide multiple checks to Cox for various real estate investments. Cox deposited the checks into two of his personal bank accounts outside the Firm and used the monies for his own personal expenses.

Cox did not make any of the promised real estate investments for DS. Cox, instead, misappropriated at least \$206,398.89 of DS's funds for his own personal use without DS's authorization.

By reason of the foregoing, Cox violated NASD Rules 2330 and 2110 and FINRA Rule 2010.

B. Cox also consents to the imposition of the following sanction:

- A bar from associating with any FINRA member in any capacity.

Cox 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, Cox 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 sanction 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

Cox 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, Cox 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.

Cox 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

Cox 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 Cox; and
- C. If accepted:
 - 1. this AWC will become part of Cox's 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 Cox's 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. Cox 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. Cox 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 Cox's: (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.

Cox 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.

05-15-2013
Date (mm/dd/yyyy)

Huel Cox, Jr.
Huel Cox, Jr., Respondent

Accepted by FINRA:

5/29/13
Date

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

Susan Light
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