

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011030711101**

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

RE: Jerry Moore Hill, Respondent
Financial and Operations Principal
CRD No. 3357

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jerry Moore Hill ("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

Hill entered the securities industry in November 1972, as a General Securities Representative with a FINRA member firm. During her career in the securities industry, Hill has been registered with twenty-nine FINRA member firms, primarily in the capacity of a part-time, offsite FINOP. She served as FINOP for Solaris Securities, Inc., from May 2007 to August 2010. She is currently registered as a FINOP with seven FINRA member firms, including Northgate Securities, Inc., since September 2008. During her career in the securities industry, Hill has obtained Series 1, 24, 27 and 63 securities licenses.

RELEVANT DISCIPLINARY HISTORY

Hill's prior relevant disciplinary history includes the following:

On August 30, 2011, FINRA issued a Letter of Acceptance, Waiver

and Consent (No. 2009017072001), in which Hill was suspended from association with any FINRA member firm in any principal or supervisory capacity for a period of 15 business days for violations of NASD Conduct Rule 2110 and FINRA Rule 2010. Hill agreed to findings that she permitted a FINRA member firm, for which she served as FINOP, to conduct a securities business while below its minimum net capital requirement.

On February 6, 2004, FINRA issued a Letter of Acceptance, Waiver and Consent (No. C06040002), in which Hill was fined \$2,500 and suspended from association with any FINRA member firm in any principal or supervisory capacity for 10 business days, for violations of NASD Rule 2110. Hill agreed to findings that she caused customer funds to be held in her employer member firm's checking account, thereby triggering a reserve computation requirement. Hill also failed to make a reserve computation or to make any required deposits to a reserve account to cover customer credits during the time the firm held customer funds.

On September 28, 2001, FINRA issued a Letter of Acceptance, Waiver and Consent (No. C06010028), in which Hill was fined \$2,500 for violations of NASD Conduct Rule 2110. Hill agreed to findings that she permitted a FINRA member firm, for which she served as FINOP, to conduct a securities business while below its minimum net capital requirement.

On May 28, 1996, FINRA issued a Letter of Acceptance, Waiver and Consent (No. C06960006), in which Hill was censured and fined \$10,000, jointly and severally with other respondents, for violations of SEC Rule 15c3-1 and Article III, Section I of the Rules of Fair Practice. Hill agreed to findings that she permitted a FINRA member firm, for which she served as FINOP, to conduct a securities business while below its minimum net capital requirement.

OVERVIEW

During the periods from October 2009 to December 2009, and June 2010 to August 2010, Hill permitted a former FINRA member firm for which she served as part-time, offsite FINOP, to conduct a securities business while in net capital deficiency.

Hill also permitted another FINRA member firm for which she serves as FINOP to conduct a securities business while in net capital deficiency on December 31,

2009. Additionally, Hill caused that firm to maintain inaccurate books and records, to make inaccurate FOCUS filings and to fail to file required SEC Rule 17a-11 notifications.

FACTS AND VIOLATIVE CONDUCT

During the period from October 2009 to December 2009, Hill permitted a FINRA member firm, for which she served as FINOP, to conduct a securities business while below its \$100,000 minimum net capital requirement. The firm's net capital requirement increased from \$5,000 to \$100,000 as a result of its executing more than 10 transactions in its proprietary trading account during 2009. During the relevant period, the firm's net capital deficiency ranged from (\$77,015) to (\$89, 696).

Hill permitted the same firm to conduct a securities business while below its \$5,000 minimum net capital requirement during the period from June 2010 to August 2010. The net capital deficiency resulted from Hill's misclassification of ECN rebates as allowable assets, when they should have been classified as non-allowable assets; her erroneous double entry of a credit received by the member firm from its clearing firm; and the booking of a liability from a FINRA disciplinary fine. The firm's net capital deficiency ranged from (\$8,351) to (\$48,285).

On December 31, 2009, Hill permitted another firm for which she serves as FINOP to conduct a securities business while under its minimum net capital requirement of \$5,000. The capital deficiency resulted from Hill's failure to accrue legal expenses.

Hill also caused the member firm to maintain inaccurate books and records on December 31, 2009, and during the period January 1, 2010 through February 28, 2011; to submit an inaccurate FOCUS report for the month ending December 31, 2009, and for all quarters from January 1, 2010 through December 31, 2010; and to fail to give required notifications pursuant to SEC Rule 17a-11.

Such acts, practices, and conduct constitute separate and distinct violations of FINRA Rule 2010 and NASD Rule 3110 by Hill.

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

A two month suspension from association with any FINRA member firm in any principal or supervisory capacity, and a requirement to requalify as a FINOP by passing the Series 27 examination prior to associating with any FINRA member firm following the two-month suspension.

On March 3, 2011, Hill was granted a discharge in bankruptcy under Section

727 of Title 11, United States Code. Accordingly, no monetary sanction is being assessed in this matter.

Respondent understands that if she is barred or suspended from associating with any FINRA member in any principal or supervisory capacity, she 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, Respondent may not be associated with any FINRA member in any principal or supervisory capacity during the period of the bar or suspension (see FINRA Rules 8310 and 8311). Furthermore, because Respondent is subject to a statutory disqualification during the two-month suspension, if she remains associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 her;
- 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against her;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent'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. 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.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct.

Respondent understands that she 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.

Respondent certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she 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 her to submit it.

Sept 28, 2012.
Date

Jerry Moore Hill
Jerry Moore Hill, Respondent

Reviewed by:

Counsel for Respondent

Accepted by FINRA:

10/10/2012
Date

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

Karen E. Whitaker
Karen E. Whitaker
Senior Regional Counsel
FINRA Department of Enforcement
12801 North Central Expressway
Suite 1050
Dallas, TX 75243
Phone Number: 972-716-7610
Fax Number: 972-716-7612