

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030487401**

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

RE: John A. Nobile, Respondent
General Securities Principal
CRD No. 1722346

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, John A. Nobile ("Nobile") 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 me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Nobile 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

Nobile entered the securities industry in 1987, when he was associated with a FINRA member. Nobile acquired a Series 7 license on September 19, 1987, a Series 63 license on October 7, 1987, and a Series 24 license on May 9, 1998. Nobile was associated with several FINRA members. Since September 9, 2011, Nobile has been associated with Kovack Securities, Inc. ("Kovack"). Nobile is subject to FINRA's jurisdiction because he is associated with a FINRA member.

RELEVANT DISCIPLINARY HISTORY

Nobile does not have any relevant disciplinary history.

FACTS AND VIOLATIVE CONDUCT

From September 2011 through June 2012, Nobile, while associated with Kovack, sent on a near daily basis a targeted email blast communication, to approximately 124 retail customers and potential customers during the relevant time period. The

email blasts were business-related written communications that constituted correspondence and sales literature, and included third-party research and recommendations to purchase and sell securities ("written communications").

Approval Issues

Nobile did not have prior approval by a registered principal of Kovack before he distributed his written communications, in violation of NASD Conduct Rule 2210(b)(1)(A).

Certain of Nobile's written communications failed to comply with the requirements for dissemination and use of third-party research reports, in violation of NASD Conduct Rule 2711(h)(13), by not having approval of the third-party research by signature or initial of a Kovack registered principal.

Content Issues

- Nobile's written communications presented oversimplified claims which omitted material information, in violation of NASD Conduct Rule 2210(d)(1)(A). For example, certain of Nobile's written communications included principal protected notes ("PPNs") which failed to disclose: (1) PPNs terms and structures can be complex; (2) early redemption by the investor can result in potentially significant loss of principal; (3) principal protection generally applies only if principal protected notes are held to maturity; and (4) tax consideration may be complex and uncertain. As a further example, certain of Nobile's written communications included principal protected CDs ("PPCDs") which failed to disclose: (1) market risk; (2) liquidity risk; (3) credit risk; and (4) performance risk.
- Certain of Nobile's written communications on investing in shares of stock failed to disclose, where applicable under IM-2210-1(6), that: (1) at the time the sales literature was published, the member was making a market in the securities being recommended, or in the underlying security if the recommended security is an option or security future, or that the member or associated persons will sell to or buy from customers on a principal basis; (2) that the member and/or its officers or partners have a financial interest in any of the securities of the issuer whose securities are recommended, and the nature of the financial interest (including, without limitation, whether it consists of any option, right, warrant, future, long or short position), unless the extent of the financial interest is nominal; and (3) that the member was manager or co-manager of a public offering of any securities of the recommended issuer within the past twelve months.
- Certain of Nobile's written communications, among others, failed to provide a sound basis for evaluating the facts, in violation of NASD Conduct Rule 2210(d)(1)(A). For example, one of Nobile's written communications

contained the following statement, with no reasonable basis: "The Chinese middle class is exploding and Apple's revenue from China is also going through the roof; it's now Apple's second biggest market next to the United States."

- Certain of Nobile's written communications, among others, contained exaggerated, unwarranted or misleading statements or claims, in violation of NASD Conduct Rule 2210(d)(1)(B). For example, one of Nobile's written communications contained the following unwarranted and/or misleading statement and claim: "Earn greater of 12% or 100% upside in SPX with unlimited upside."

As a result of the foregoing conduct, Nobile violated FINRA Rule 2010, NASD Conduct Rule 2210(b)(1)(A), NASD Conduct Rule 2210(d)(1)(A), NASD Conduct Rule 2210(d)(1)(B), NASD Conduct Rule 2711(h)(13), and NASD IM-2210-1.

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

A \$10,000 fine and a ten business day suspension from association with any FINRA member in all capacities.

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 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:

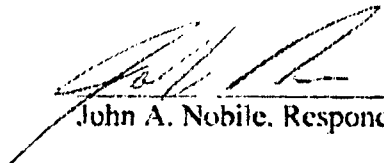
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; 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: (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.

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.

10/15/2013
Date


John A. Nobile, Respondent

Reviewed by:

Ivan O'Brien, Esq.
Counsel for Respondent
McCormick & O'Brien LLP
9 East 40th, 4th Floor
New York, New York 10016

3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
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Date

John A. Nobile, Respondent

Reviewed by:


Liam O'Brien, Esq.
Counsel for Respondent
McCormick & O'Brien LLP
9 East 40th, 4th Floor
New York, New York 10016

10/21/2013
Date

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



Kevin D. Rosen, Principal Regional Counsel
FINRA Department of Enforcement
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Boca Raton, Florida 33431
(561) 443-8015; Fax (561) 443-7998