

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120313334**

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

RE: Nancy Bolt Hill, Respondent
Former Registered FINOP Principal
CRD No. 4653852

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Hill entered the securities industry in May 2002 with Montecito Advisors, Inc. ("Montecito") as a non-registered employee. In November 2002, Hill also became employed as a non-registered employee with Advanz Securities, Inc. ("Advanz"). On April 30, 2003, FINRA approved Hill as a registered principal with both Montecito and Advanz. Hill's employment with Advanz terminated on September 12, 2005. In October 2010, Hill became Montecito's Chief Financial Officer ("CFO") and Financial and Operations Principal ("FINOP") and served in these capacities until she voluntarily relinquished those roles and her registrations on July 11, 2012.

On July 12, 2012, Montecito filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") reporting Hill's voluntary termination of her registrations with Montecito on July 11, 2012. Hill is currently associated with Montecito in a non-registered capacity serving as a part-time bookkeeper.

Accordingly, pursuant to Article V, Section 4 of the FINRA By-Laws, Hill remains subject to the jurisdiction of FINRA.

RELEVANT DISCIPLINARY HISTORY

Hill has no relevant disciplinary history.

OVERVIEW

Between May 2002 and May 2012 (the "Relevant Period"), while associated with FINRA member firms, Hill failed to disclose several securities accounts for which she held a beneficial interest or possessed trading authority, in violation of NASD Rules 3050 and 2110, and FINRA Rule 2010.¹ Hill also failed to disclose her employment with member firms to the broker-dealers where the accounts were maintained in violation of NASD Rules 3050 and 2110, and FINRA Rule 2010. Further, Hill made misstatements on annual compliance forms and personal account disclosure forms submitted to her member firm employer, and failed to disclose her association with a member firm on new account forms, thereby concealing the accounts and her employment with a member firm in violation of NASD Rule 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Relevant Rules

NASD Rule 3050(c) requires that an associated person, prior to opening an account or placing an initial order for the purchase or sale of securities with another member, notify both his employer member and the executing member, in writing, of his or her association with the other member; provided, however, that if the account was established prior to the association of the person with the employer member, the associated person shall notify members in writing promptly after becoming so associated. Pursuant to NASD Rule 3050(e), those requirements apply only to an account or order in which an associated person has a financial interest or with respect to which such person has discretionary authority. FINRA Rule 2010 states that a "member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

Failures to Disclose Outside Accounts

Prior to becoming employed with Montecito or Advanz, between November 1994 and June 2001, Hill established and held beneficial interests or decision-making authority for at least seven brokerage accounts maintained at CS, a FINRA member. In May 2002, when Hill became employed with Montecito, she failed to

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

disclose the outside brokerage accounts that she held at CS. Similarly, in November 2002, when Hill joined Advanz, she failed to disclose her accounts held at CS. Hill also failed to notify CS about her employment with Montecito and Advanz.

Between February 2009 and May 2011, Hill opened securities accounts at CS, FBS, TDA and WFA and executed securities transactions in these accounts without notifying Montecito in writing of the accounts. Further, Hill did not notify CS, FBS, TDA, or WFA, in writing, of her employment with Montecito. The CS, WFA and TDA new account forms, which Hill signed, stated that Hill was not affiliated with or employed by a FINRA member.

By failing to notify Montecito and Advanz in writing of the outside accounts for which Hill held beneficial interests or decision-making authority and, by failing to notify the executing member firms in writing of her association with FINRA member firms, Hill violated NASD Rules 3050 and 2110, and FINRA Rule 2010.

Misstatements in Firm Documents

During the Relevant Period, Hill concealed the outside accounts from Montecito by making misstatements to Montecito. Hill certified that she did not maintain any securities accounts away from Montecito on Annual Certification forms and Disclosure of Personal Accounts forms that Montecito required its employees to complete annually. As a result, Montecito did not review Hill's accounts and trading activity.

Montecito's Annual Certification asked, in relevant part, "Do you or your spouse have any personal securities accounts at any other brokerage firm or other financial institution? This would include any account where you have a personal beneficial interest or any account where you have control over the investments." Hill completed, signed and submitted Montecito's Annual Certification for the years of 2002 through 2012. Each year, Hill responded "NO" to this question despite the fact that she and her husband maintained accounts with broker-dealers outside of Montecito.

Montecito's Disclosure of Personal Accounts form required Montecito employees to disclose all personal securities accounts held at broker-dealers outside of Montecito, including the name of the broker-dealer or financial institution where the account is maintained, the account number, and the account title. During the Relevant Period, Hill completed, signed and submitted Disclosure of Personal Accounts forms. However, Hill falsely represented on each form that she did not have personal securities accounts outside of Montecito.

By making misstatements to Montecito on its annual compliance forms and personal account disclosure forms, Hill violated NASD Rule 2110 and FINRA Rule 2010.

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

- A one-year suspension from association with any member in any capacity, and
- a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the one-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) 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 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 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 prejudice 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.

- 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.

11-19-12
Date

Nancy Bolt Hill
Nancy Bolt Hill

Accepted by FINRA:

12-10-12
Date

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

R.R. Best

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