

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012031460601**

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

RE: Daniel L. Hudson, Respondent
Former Investment Company and Variable Contracts Products Representative
CRD No. 4153525

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

Daniel L. Hudson ("Hudson" or "the Respondent") entered the securities industry on or about April 4, 2000 when he became registered with Pruco Securities, LLC ("the firm") as an Investment Company and Variable Contracts Products Representative. Hudson voluntarily terminated his registration with the firm on January 27, 2012. The firm filed the Form U5 pertaining to this termination of registration on February 16, 2014. While this U5 indicated the termination was voluntary, disclosure reporting pages indicated that at the time of his termination Hudson was under internal review concerning allegations that he did not disclose or obtain the firm's approval for outside business activities and that he did not notify the firm of his participation in private securities transactions. Hudson has not registered with another FINRA member firm since leaving the firm. FINRA has jurisdiction over Hudson until February 14, 2014, pursuant to Article V, Section 4 of its By-laws. Hudson has no relevant disciplinary history.

OVERVIEW

Hudson, a former registered representative with the firm, participated in an outside business activity by establishing and operating a wind energy business, NRGG, in December 2010. Hudson formed and operated this entity without providing notice to the firm, in violation of FINRA Rules 3270 and 2010.

Between approximately December 2010 and November 2011, Hudson participated in private securities transactions by facilitating the investment by four individuals, two of whom were firm customers, to NRGG without providing notice to the firm, in violation of NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Outside Business Activity

FINRA Rule 3270 states that "no registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member, in such form as specified by the member."

In December 2010, Hudson established and began operating NRGG, a wind energy development company, incorporated in Montana. Hudson was the sole owner and officer of NRGG. The firm's policies and procedures prohibited associates from participating in an outside business activity without giving prior notice and receiving prior approval from the Firm. Hudson did not provide the firm with notice of NRGG until October 2011.

Based on the foregoing conduct, Hudson violated FINRA Rules 3270 and 2010.

Private Securities Transactions

NASD Conduct Rule 3040 prohibits an associated person from "participat[ing] in any manner in a private securities transaction" unless, prior to participating in the transaction, the associated person provides "written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein and stating whether he has received or may receive selling compensation in connection with the transaction." A "private securities

transaction" is defined in Rule 3040(e)(1) as "any transaction outside the course or scope of an associated person's employment with a member..."

During his association with the firm, Hudson facilitated the investment by four individuals, two of who were firm customers, in NRGG. Together, the four individuals invested \$104,000 in NRGG. These transactions were outside the regular course and scope of Hudson's employment with the firm and occurred without the firm's knowledge or permission.

Specifically between approximately December 2010 and November 2011, firm customer BH invested \$39,000; firm customer BC invested \$13,000 and TC and AI each invested \$26,000 in NRGG. Hudson never informed the firm of his participation in these NRGG investments.

The firm policies and procedures prohibited representatives from engaging in private securities transactions without prior notice and approval from the firm.

Based on the foregoing, Hudson violated NASD Rule 3040 and FINRA Rule 2010.

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

A six-month suspension from associating with a FINRA member firm in any capacity and a \$5,000 fine

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month 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 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 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**

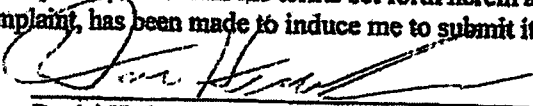
C. If accepted:

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.

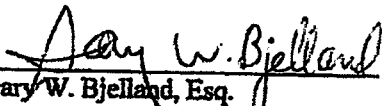
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

1-15-14
Date


Daniel Hudson

Reviewed by:

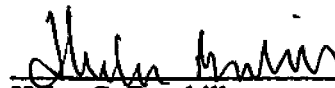

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Accepted by FINRA:

Date

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



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