

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120327824-03**

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

RE: Cory D. Williams, Respondent
General Securities Representative
CRD No. 2957248

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

Cory D. Williams ("Williams") entered the securities industry in 1997. He was associated with Signator Investors Inc. ("Signator" or the "Firm") as a General Securities Representative from April 1998 through the termination of his employment on March 7, 2013. Williams was subsequently registered with NBC Securities, Inc. ("NBC Securities") from April 2013 through September 3, 2013 as a General Securities Representative.

Although Williams is no longer associated with a member firm, pursuant to Article V, Section 4 of FINRA's By-Laws, he remains subject to FINRA's jurisdiction until at least September 2, 2015.

RELEVANT DISCIPLINARY HISTORY

Williams has no prior disciplinary history.

OVERVIEW

Between May 2004 and January 2012 ("Relevant Period") while associated with Signator, Williams participated in at least 125 private securities transactions without providing written notice of the transactions to the Firm. During the relevant period, Williams received approximately \$94,000 from Colonial Tidewater Realty Income Partners LLC ("Colonial"). As a result, Williams violated NASD Rules 3040 and 2110 (for misconduct before December 15, 2008) and FINRA Rule 2010 (for misconduct beginning December 15, 2008). In addition, during the years 2012 and 2013 Williams violated FINRA Rule 2010 by submitting annual compliance questionnaires to the Firm that contained false information.

Williams also violated Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010 by willfully failing to disclose unsatisfied tax liens on his Uniform Application for Securities Industry Registration ("Form U4").

FACTS AND VIOLATIVE CONDUCT

A. Williams Participated in Undisclosed Private Securities Transactions

NASD 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..."

FINRA Rule 2010 and its predecessor rule, NASD Rule 2110,¹ provide that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

During the Relevant Period, Williams and former registered representative James Glover ("Glover")² participated in at least 125 private securities transactions. Approximately \$13.5 million of the transactions were by Signator customers. Since Glover's termination from the Firm, 69 customer complaints have been filed against him for sales of these unregistered products with damages and

¹ See FINRA Regulatory Notice 08-57, which describes certain changes to FINRA's rules, including the change of NASD Rule 2110 to FINRA Rule 2010, effective December 15, 2008.

² In January 2013, Glover consented to findings that he failed to provide testimony to FINRA in violation of FINRA Rules 8210 and 2010. Glover agreed to a bar from associating with any FINRA member firm in any capacity. *James R. Glover*, 2012032782401 (Jan. 18, 2013).

attorney's fees totaling more than \$12.5 million. Williams' participation in the transactions included responding to customer requests related to the Colonial investments, authorizing wire transfers of funds from customer accounts at the Firm to Colonial, and manually adding customers' outside Colonial holdings to consolidated statements that were sent to the customers. Colonial paid Williams approximately three percent of the assets he and Glover sold to customers, half of which Williams remitted to Glover, with proceeds to Williams totaling approximately \$94,000. In early 2012, Colonial stopped paying dividends and its shares are currently worthless. Williams failed to provide the Firm with written notice of his involvement in the Colonial transactions or receive its approval for them.

As a result, Williams violated NASD Rules 3040 and 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct beginning on December 15, 2008).

B. Williams Willfully Failed to Disclose Tax Liens on his Form U4

Article V, Section 2(c) of FINRA's By-Laws requires that registered representatives ensure that their applications for registration remain current. It also mandates that registered representatives' applications for registration be updated within 30 days of the registered representatives learning of facts or circumstances giving rise to the need for an amendment.³ FINRA Rule 1122 forbids individuals from filing incomplete or inaccurate registration information with FINRA.

FINRA Rule 2010 provides that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade." A registered representative's failure to disclose all information required in a Form U4, including information about unsatisfied liens and regulatory actions constitutes a violation of FINRA Rule 2010.

1. Williams Willfully Failed to Disclose a State Tax Lien while Associated with Signator

On October 3, 2011, the State of Maryland filed a tax lien ("State Lien") against Williams for unpaid taxes totaling \$42,746. In or about, October 2011, Williams learned of the State Lien.

Question 14M of the Form U4 asks "*Do you have any unsatisfied judgments or liens against you?*" Between October 2011 and the termination of his employment from Signator, Williams submitted six updates to his Form U4. In

³ See Article V, Section 2(c) of the FINRA By-Laws. The applicant is required to file an amendment to his application within 30 days of learning of facts that are required to be disclosed. If such amendment involves a statutory disqualification, such amendment shall be filed not later than ten days after such disqualification occurs.

each of the updates, Williams answered “No” to Question 14M although the State Lien was not satisfied and should have been disclosed.

2. Williams Willfully Failed to Disclose a State Tax Lien and a Federal Tax Lien while Associated with NBC Securities

On April 29, 2013, the Internal Revenue Service (“IRS”) filed a federal tax lien (“Federal Lien”) against Williams for unpaid taxes totaling \$479,186. In or about April 2013, Williams learned of the Federal Lien.

Between April 2013 and the termination of his employment from NBC Securities in September 2013, Williams submitted two updates to his Form U4. In each of updates, Williams answered “No” to Question 14M although the Federal Lien was unsatisfied and should have been disclosed.

By willfully failing to disclose the liens Williams violated Article V, Section 2(c) of the FINRA By-Laws and FINRA Rules 1122 and 2010.

C. Williams Made False Statements to Signator

FINRA Rule 2010 encompasses registered representatives who make false statements to a firm because such conduct “reflects on an associated person’s ability to comply with regulatory requirements necessary to the proper functioning of the securities industry and the protection of the public.”⁴

On March 22, 2012 Williams completed an annual compliance questionnaire and submitted it to Signator. Question eight of the questionnaire included the following, “[y]our Form U-4 must be current at all times. In the past year have any of the following occurred ... g) Tax Lien.” Although Williams was aware that the State Lien had been filed against him in October 2011, he falsely denied having a lien pending against him in the past year.

On March 5, 2013 Williams completed another annual compliance questionnaire and submitted it to Signator. Question eight of the questionnaire included the following, “[y]our Form U-4 must be current at all times. In the past year have any of the following occurred ... g) Tax Lien”. Although Williams was aware that the State Lien had been filed against him in October 2011, he falsely denied having a lien pending against him in the past year.

By submitting two compliance questionnaires to the Firm that contained false answers, Williams violated FINRA Rule 2010.

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

⁴ *Dep’t of Enforcement v. Davenport*, 2003 NASD Discip. LEXIS 4, at *9 (NAC May 7, 2003).

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

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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

The sanctions 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

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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;
 - 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.

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.

8/2/15
Date (mm/dd/yyyy)

Cory D. Williams
Cory D. Williams, Respondent

Accepted by FINRA:

8/13/15
Date

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

Susan Light ^{DF}
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FINRA Department of Enforcement
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