

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120330187**

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

RE: Jimmy Duane Weishaar, Respondent
CRD No. 2537959

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

Jimmy Duane Weishaar ("Respondent" or "Weishaar") first became a registered representative in July of 1999. From July 1994 through March 25, 2004, Weishaar was associated with three different FINRA member Firms. From March 26, 2004 until the termination of his employment on June 20, 2012, Weishaar was employed as a General Securities Representative with Sammons Securities Company ("Sammons" or the "Firm").

Although Respondent is not currently registered with a FINRA-registered firm, he remains subject to the jurisdiction of FINRA pursuant to Article V, Section 4 of the FINRA By-Laws.

RELEVANT DISCIPLINARY HISTORY

The Office of the Kansas Securities Commissioner ("Kansas") conducted an investigation relating to the same conduct at issue in this matter. In connection with that investigation, on March 8, 2013 Weishaar entered into a Stipulation for Consent Order. Kansas found that Weishaar violated Kansas Securities

Regulation 81-3-6(e)(23) and NASD Rule 3040. Without admitting or denying the allegations contained in the Stipulation, Weishaar consented to be barred for 10 years from association in any manner with a broker-dealer or investment adviser registered in the State of Kansas and to a fine of \$25,000.

OVERVIEW

During 2010, Weishaar was employed as a registered representative at the Firm. During the period from approximately January 21, 2010 through April 29, 2010 (the "Relevant Period"), Weishaar sold promissory notes issued by Issuer X (the "promissory notes") to six of his broker-dealer customers away from the Firm.

Weishaar did not obtain approval from the Firm to engage in these six private securities transactions. Issuer X defaulted on both interest and/or principal payments on the promissory notes, and all six customers sustained harm as a result of their investments. Collectively, the customers lost approximately \$320,000.

Further, Weishaar made misstatements on two Firm compliance questionnaires for the years 2010 and 2011. On those Firm questionnaires he falsely represented to the Firm that he was not engaged in any private securities transactions during those years.

By virtue of engaging in private securities transactions away from the Firm without providing the Firm with prior written notice, Weishaar violated NASD Rule 3040 and FINRA Rule 2010. In addition, Weishaar violated FINRA Rule 2010 by making misstatements on Firm compliance questionnaires.

FACTS AND VIOLATIVE CONDUCT

Weishaar sold promissory notes to six broker-dealer customers away from the Firm without providing the Firm with prior written notice

During the Relevant Period, Ms. X was the owner of Issuer X, a business that provided janitorial services to commercial clients and schools. For a period of 18 months prior to the Relevant Period, Weishaar worked part time for Issuer X as a janitor. Ms. X also owned the building in which Weishaar's office was located during the Relevant Period.

During early 2010, Ms. X approached Weishaar and informed him that she wanted to raise capital for Issuer X for the purpose of purchasing a historical building. In order to assist Issuer X in raising funds, Weishaar reached out to six of his broker-dealer customers (the "Customers") and recommended that they invest in the promissory notes.

Weishaar never sought or received approval from his Firm to solicit investments in the promissory notes, which had the following relevant terms: 10% interest and principal due within 15 days of the execution of the note; The notes were secured by accounts receivables of the issuer; If the notes were to go into default, both interest and principal would be due to the note holder by no later than 60 days after execution of the note. The Customers invested a total of \$440,000.

On August 21, 2012, Ms. X filed for Chapter 7 bankruptcy. To date, Customers 2, 3, and 4 have filed arbitration claims with FINRA Dispute Resolution against the Firm in connection with Weishaar's sale of the promissory notes. On June 11, 2012, Customer 2 provided a demand letter to Weishaar and the Firm. On June 20, 2012, after investigating this matter, the Firm terminated Weishaar's employment for selling unapproved investments away from the Firm.

Issuer X failed to pay interest due to any of the Customers. In addition, Issuer X did not return any invested principal to two of the Customers. Issuer X only returned a portion of invested principal back to three other Customers.

The six Customers were: (a) unsophisticated investors; (b) not speculative investors; (c) not informed by Weishaar of the risks associated with the speculative short term promissory notes and therefore were unable to understand the actual risks associated with their investments and suffered significant losses. The Customers also did not have funds available to invest in speculative investments and had limited financial means, for example:

- Customer 1 invested \$100,000 in the promissory notes on or around January 21, 2010. Customer 1 received his invested principal back but did not receive any interest on his investment. Customer 1 suffered a loss of \$10,000 as a result of his investment.
- Customer 2 invested \$95,000 in a promissory note on or around April 29, 2010. Weishaar recommended that Customer 2 take a \$95,000 early distribution from her IRA in order to invest in a promissory note. On April 29, 2010 Customer 2 was 57 years and 9 months old and therefore subject to an early withdrawal tax penalty. Weishaar recommended that Customer 2 could avoid the early distribution tax penalty by rolling funds back into her IRA within 60 days, upon receipt of principal and interest from Issuer X

However, Issuer X defaulted on the interest payments on Customer 2's promissory note and also failed to return her' invested principal. Due to the fact that Customer 2 was unable to roll \$95,000 back into her IRA within 60 days, she was subject to an early withdrawal IRS tax penalty.

Further, the \$95,000 early distribution from Customer 2's IRA was a taxable event which resulted in her owing approximately \$35,000 in taxes. Also the \$95,000 early distribution artificially inflated Customer 2's income and as a result her son lost his qualification for the educational Pell Grants that he had been previously been relying upon to fund his education.

Customer 2 and her son were severely impacted by Weishaar's recommendation to invest in the promissory notes. To date, Customer 2 has only received \$44,500 from Issuer X. Aside from the financial harm related to the tax penalty and loss of Pell Grant eligibility sustained by Customer 2 and her family, Customer 2 suffered a \$60,000 loss as a result of her investment in the promissory note.

- Customer 3 invested \$50,000 in a promissory note on March 24, 2010. Customer 3 is currently 85 years old and living in an assisted living facility. Customer 3 never received any interest or principal from his investment in his promissory note. As a result of the loss sustained by Customer 3 he is currently having difficulty paying his medical and living expenses. Customer 3 suffered a \$55,000 loss as a result of his investment.
- Customer 4 invested \$100,000 in a promissory note on March 24, 2010. Customer 4 is currently 69 nine years old and suffering from Lou Gehrig's disease (ALS). Issuer X defaulted on both interest and principal payments to Customer 4. To date Customer 4 has only received approximately \$8,000 from Issuer X. As a result of the default of interest and principal of his promissory note, Customer 4 and his wife are only left with \$90,000 to fund the rest of their collective retirement. Customer 4 suffered a \$102,000 loss as a result of his investment.
- Customer 5 invested \$80,000 in a promissory note in 2010. Customer 5 has only received \$6,000 from Issuer X. Customer 5 suffered an \$82,000 loss as a result of her investment.
- Customer 6 invested \$10,000 in a promissory note on March 24, 2010. Customer 6 never received any funds from Issuer X for his investment. Customer 6 suffered an \$11,000 loss as a result of his investment.

In total, the Customers suffered losses of approximately \$320,000 (including interest and/or principal owed per the terms of their promissory notes). Customers 2, 3, and 4 have filed Statements of Claim against the Firm regarding Weishaar's sale of the promissory notes. To date, in connection with those Statements of Claim, the Firm has provided Customers 2, 3, and 4 with \$60,000, \$27,000 and \$100,000 respectively.

NASD Rule 3040 provides in relevant part that "Prior to participating in any private securities transaction, an associated person shall provide written notice to the member with which he is associated describing in detail the proposed transaction and the person's proposed role therein... ."

Weishaar, therefore, violated NASD Rule 3040 by participating in a private securities transaction without providing prior written notice to the Firm. In so doing, Weishaar also violated FINRA Rule 2010, which requires registered persons to adhere to just and equitable principles of trade.

Weishaar made false statements in his 2010 and 2011 Annual Regulatory Questionnaires:

For each of Weishaar's Annual Regulatory Questionnaires for 2010 and 2011, which were completed on December 30, 2010 and November 9, 2011 respectively, Weishaar provided a negative response to the following question, "Do you offer or have you offered for sale any securities product that has not been approved in writing by Sammons Securities Company?" Weishaar's statements on these questionnaires were false.

By virtue of this conduct, Weishaar violated FINRA Rule 2010, which requires registered representatives to adhere to observe high standards of commercial honor and just and equitable principles of trade.

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

- A suspension from association with any FINRA member firm in any and all capacities for two years;
- A fine of \$20,000 and
- An order of restitution in the total amount of \$133,000, and to submit satisfactory proof of payment of restitution or of reasonable documented efforts to effect restitution to the customers identified on Attachment A. Such proof shall be submitted to Joshua Wong, One World Financial Center, 200 Liberty Street, New York, New York 10281 either by letter that identifies "Disciplinary No. 12345678900" and includes a copy of the check, money order or other method of payment or by e-mail, with pdf copies of the payment documentation, to EnforcementNotice@FINRA.org. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon re-association with a member firm following the 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. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason I cannot locate any customer identified in Attachment A after reasonable and documented efforts within such period, or such additional period agreed to by the staff, I shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two 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 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.

12/12/2013
Date (mm/dd/yyyy)

Jimmy Duane Weishaar
Jimmy Duane Weishaar

Reviewed by:

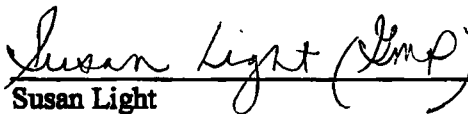


Jason Kueser
Counsel for Respondent
The Kueser Law Firm P.C.
P.O. Box 612
Lee's Summit, Missouri 64063
816-374-5865

Accepted by FINRA:

12/20/2013
Date

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



Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
One World Financial Center
200 Liberty Street
New York, NY 10281
Phone Number: 646-315-7333

Attachment A

Customer	Restitution Amount
1	\$ 10,000.00
3	\$ 28,000.00
4	\$ 2,000.00
5	\$ 82,000.00
6	\$ 11,000.00
Total Restitution	\$ 133,000.00