

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033176401**

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

RE: Eric Mitchell Douglas ("Douglas"), Respondent
CRD No. 4653684

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

Douglas entered the securities industry on April 9, 2003, when he associated with a FINRA regulated broker-dealer. On April 4, 2008, Douglas registered with LPL Financial LLC ("LPL"), a FINRA regulated broker-dealer, and remained there until July 10, 2009. On July 10, 2009, Douglas registered with Cambridge Investment Research, Inc. ("Cambridge"), another FINRA regulated broker-dealer. Douglas became Series 6 and 7 licensed on or about May 2, 2003, and February 17, 2010, respectively. On July 3, 2012, Cambridge filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") disclosing that Douglas was permitted to resign on June 7, 2012, explaining, in part, that the "Firm and representative agreed to terminate the relationship due to pending regulatory actions by the Ohio Division of Securities against representative." Although Douglas has not reassociated with another FINRA regulated broker-dealer, pursuant to Article V, Section 4(a) of FINRA's By-Laws, FINRA retains jurisdiction over Douglas until July 2, 2014.

RELEVANT DISCIPLINARY HISTORY

In July 2013, the State of Ohio, Division of Securities, suspended Douglas's securities salesperson and investment adviser representative licenses for a period of 90 days, after finding that he had engaged in manipulative and deceptive acts "when he recommended [an] investment without performing or having access to proper due diligence on the terms of the deal" and "when he falsely assured investors they would receive benefits neither guaranteed nor even contemplated in the subscription agreement."

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) requires "a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically (if the requested information is, or is required to be, maintained in electronic form) and to testify at a location specified by FINRA staff, under oath or affirmation administered by a court reporter or a notary public if requested, with respect to any matter involved in the investigation, complaint, examination, or proceeding." FINRA Rule 2010 requires that members and associated persons "observe high standards of commercial honor and just and equitable principles of trade." Failure to comply with Rule 8210 is a violation of FINRA Rule 2010.

On March 19, 2014, FINRA staff sent Douglas two letters, through counsel, pursuant to FINRA Rule 8210, requesting that he (1) produce documents on March 26, 2014, and (2) appear for an on-the-record interview on April 4, 2014, in connection with the staff's investigation into a potential private securities transaction and possible misrepresentations to customers. The letters informed Douglas that if he failed to produce documents or failed to appear, he could be subject to a disciplinary action and the imposition of sanctions, including a bar. Douglas failed to produce responsive documents. Additionally, on April 3, 2014, Douglas's counsel informed the Staff that Douglas would not appear for testimony on April 4, 2014. Douglas failed to appear and provide testimony on April 4, 2014.

On April 7, 2014, the Staff sent Douglas another letter, again through counsel, pursuant to FINRA Rule 8210, requesting that he appear for an on-the-record interview on April 14, 2014. On April 8, 2014, Douglas's counsel again informed Enforcement staff that Douglas will not cooperate with Enforcement's investigation. To date, Douglas has failed to provide the documents and/or testimony requested in the March 19, 2014 and April 7, 2014 letters.

As a result of the foregoing conduct, Douglas violated FINRA Rules 8210 and 2010.

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

A bar from association with any FINRA regulated broker-dealer 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).

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 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.

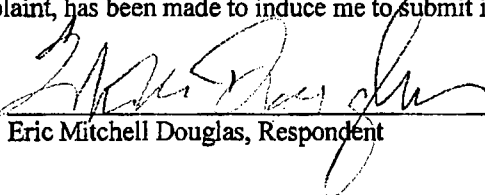
OTHER MATTERS

I understand that:

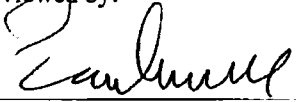
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

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.

05/20/2014
Date (mm/dd/yyyy)


Eric Mitchell Douglas, Respondent

Reviewed by:



Erik Chappell
Counsel for Respondent
Lyden, Chappell & Dewhirst, Ltd.
5565 Airport Highway, Suite 101
Toledo, Ohio 43615
Phone: (419) 867-8900

Accepted by FINRA:

5/21/14 RC
Date

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



Richard Chin
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