

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033517201**

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

RE: William C. Babb, III, Respondent ("Babb" or "Respondent")
Former Registered Representative
CRD No. 1276193

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

On July 5, 1999, Babb became associated as a General Securities Representative with Lincoln Financial Advisors Corporation (the "Firm"), a FINRA-registered firm and the broker-dealer arm of Lincoln Financial Group. On May 31, 2002, Babb became registered as an investment advisor in the state of North Carolina.

On July 31, 2012, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5"), notifying FINRA that it had terminated Babb's employment on July 23, 2012. The Firm terminated Babb's employment after Babb informed the Firm that he had referred customers and others to investments not approved by the Firm.

Babb is not currently employed by a FINRA-registered broker-dealer. However, FINRA retains jurisdiction over Babb until July 30, 2014 pursuant to Article V, Section 4(a) of the FINRA By-laws.

RELEVANT DISCIPLINARY HISTORY

Babb has no prior disciplinary history in the securities industry.

OVERVIEW

Babb failed to cooperate with FINRA's investigation into allegations that he violated NASD Rule 3040 by engaging in private securities transactions that were not disclosed to or approved by the Firm. By failing to provide information and testimony as requested pursuant to FINRA Rule 8210, Babb violated FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

In July 2001, Babb received written consent from the Firm to invest his own funds in a private entity. The Firm did not approve Babb to solicit or refer other individuals to invest in that entity. In June 2012, the Firm received information indicating that Babb solicited others to invest in the private entity without informing the Firm and obtaining its approval to do so.

FINRA was notified by the Firm on July 31, 2012 that it had terminated Babb's employment. By letter dated August 15, 2012, FINRA's Central Review Group ("CRG") requested, pursuant to FINRA Rule 8210, that Babb provide a detailed written statement regarding the allegations that he had solicited others to invest in the private entity without disclosing to or obtaining approval from his FINRA-registered employer. The August 15, 2012 letter was addressed to Babb and sent by certified mail, return receipt requested, and first class mail to his last known residence according to the Central Registration Depository ("CRD"). FINRA received back the certified mail receipt signed by Babb, showing that he received the letter on August 20, 2012.

By letter dated August 31, 2012, an attorney representing Babb informed CRG that he was responding to FINRA's August 15, 2012 letter and that Babb had "decided not to participate" in FINRA's investigation.

On January 31, 2013, Babb's attorney informed an Enforcement staff member that "there is no change in position" from that stated in the attorney's August 31, 2012 letter and Babb was declining to cooperate with Enforcement's investigation into this matter.

By letter dated February 1, 2013 to Babb's counsel, Enforcement requested, pursuant to FINRA Rule 8210, that Babb appear at Enforcement's New York office on February 26, 2013 to provide testimony regarding the allegations that he engaged in private securities transactions that were not disclosed to or approved by the Firm. Enforcement's letter stated that Babb's failure to appear as requested and give truthful and accurate testimony could subject Babb to sanctions.

By letter dated February 20, 2013, counsel responded to Enforcement's February 1st letter and stated that Babb would not appear to testify on February 26, 2013 as requested.

Babb did not appear to testify on February 26, 2013 in connection with Enforcement's investigation into this matter.

FINRA Rule 8210 authorizes FINRA, in the course of its investigations, to require persons associated with a FINRA member, or any other person subject to FINRA's jurisdiction, to "provide information orally, in writing, or electronically ... and to testify at a location specified by FINRA staff, under oath or affirmation ... with respect to any matter involved in the investigation." Rule 8210(c) provides that a firm's or person's failure to provide information or testimony is a violation of the rule.

FINRA Rule 2010 states that a person associated with FINRA member "shall observe high standards of commercial honor and just and equitable principles of trade" in the conduct of his business.

By failing to provide requested information and testimony as described above, Babb violated FINRA Rules 8210 and 2010.

B. Respondent also consents to the imposition of the following sanction:

A bar from association with any FINRA-registered firm in all capacities.

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.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, Respondent 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).

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;**
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and**
- C. If accepted:**
- 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;**
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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 Respondent's (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.**

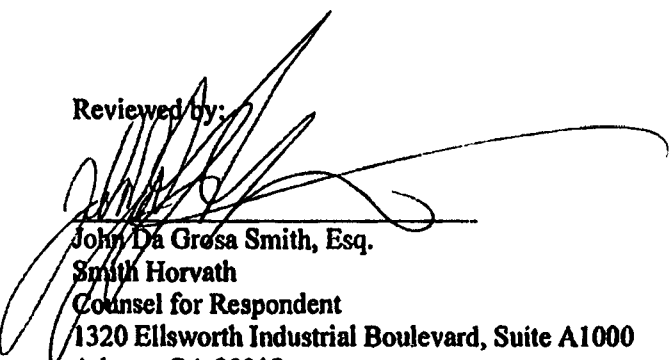
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Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise 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 him to submit it.

5-31-13
Date


Respondent

Reviewed by:


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Accepted by FINRA:

6/13/13
Date

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


Richard Chin
Chief Counsel
FINRA Department of Enforcement
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