

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Andrew H. Conley (CRD No. 1419304),

Respondent.

DISCIPLINARY PROCEEDING
No. 2012033614501

Hearing Officer - MC

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 24, 2015

INTRODUCTION

Disciplinary Proceeding No. 2012033614501 was filed on August 21, 2014, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA") ("Complainant"). Respondent Andrew H. Conley submitted an Offer of Settlement ("Offer") to Complainant dated February 10, 2015. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC"), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of

the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Conley has been employed in the securities industry since he associated with a member firm in 1985. He obtained a Series 6 (Investment Company Products/Variable Contracts) license in November 1985, a Series 7 (General Securities Representative) license in May 1993, and a Series 24 (General Securities Principal) license in May 1996.

Conley was registered with FINRA through FSC Securities Corporation from August 16, 1995 to July 25, 2012. From August 24, 2012 to the present, he has been registered with FINRA through B.B. Graham & Company, Inc.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FACTUAL BACKGROUND

On or about July 24, 1995, Conley completed a Form U4 Uniform Application For Securities Industry Registration or Transfer ("Form U4") to become associated with FSC. At that time, and during all other times relevant to this Complaint, Form U4 included the question, "Do you have any unsatisfied judgments or liens against you?" Conley reported that he was not subject to any liens or unsatisfied judgments.

After submitting his July 1995 Form U4, Conley became the subject of at least seven tax liens and one unsatisfied judgment, recorded between June 2004 and August 2012, as follows:

- On June 8, 2004, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$144,677.43 (“June 2004 lien”). The June 2004 lien was released on December 29, 2004.
- On September 21, 2006, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$12,009.41 (“September 2006 lien”). The September 2006 lien was released on January 29, 2007.
- On September 9, 2008, National Credit Adjusters recorded an Abstract of Judgment reflecting an unsatisfied judgment against him, entered on January 2, 2008, in the amount of \$15,387.85 (“January 2008 judgment”). The January 2008 judgment has not been satisfied.
- On November 13, 2008, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$30,653.15 (“November 2008 lien”). The November 2008 lien has not been released.
- On September 21, 2009, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$9,469.61 (“September 2009 lien”). The September 2009 lien has not been released.
- On December 10, 2010, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$4,835.43 (“December 2010 lien”). The December 2010 lien was released on or about October 30, 2013.
- On August 22, 2011, the Internal Revenue Service recorded a Federal Tax Lien against him in the amount of \$259,566.69 (“August 2011 lien”). The August 2011 lien has not been released.

- On August 30, 2012, the California Franchise Tax Board recorded a State Tax Lien against him in the amount of \$4,977.20 (“August 2012 lien”).
The August 2012 lien has not been released.

Conley remained associated with FSC until July 25, 2012, but did not update his Form U4 until May 11, 2012, to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, the November 2008 lien, the September 2009 lien, the December 2010 lien, and the August 2011 lien, despite having notice of the liens and judgment on or about the time that each was recorded.

On or about August 24, 2012, Conley completed a Form U4 to become associated with B.B. Graham.

Six days later, on August 30, 2012, the California Franchise Tax Board recorded the August 2012 lien.

Conley did not update his Form U4 to disclose the August 2012 lien until October 16, 2013, despite having notice of the lien on or about the time that it was recorded.

CAUSE OF ACTION

Willful Failure to Timely Update Form U4 (Article V, Section 2(c) of the NASD and FINRA By-Laws, FINRA Rules 1122 and 2010, NASD Rule 2110, and NASD IM-1000-1)

Article V, Section 2 of the NASD and FINRA By-Laws requires that associated persons who apply for registration must provide “such . . . reasonable information with respect to the applicant as [NASD or FINRA] may require” and further that such applications “shall be kept current at all times by supplementary amendment . . . filed . . . not later than 30 days after learning of the facts or circumstances giving rise to the amendment.”

NASD IM-1000-1 and its successor, FINRA Rule 1122 (effective August 17, 2009), prohibit associated persons from filing or failing to correct registration information that is incomplete or inaccurate so as to be misleading.

Conley failed to timely update his Form U4 to correct material information that had become inaccurate.

Specifically, while associated with FSC, Conley did not update his Form U4 until May 11, 2012 to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, the November 2008 lien, the September 2009 lien, the December 2010 lien, and the August 2011 lien, despite having notice of the liens and judgment on or about the time that each was recorded.

Similarly, while associated with B.B. Graham, Conley did not update his Form U4 until October 16, 2013 to disclose the August 2012 lien despite having notice of the lien on or about the time that it was recorded.

By willfully failing to update his Form U4 in a timely manner to disclose the June 2004 lien, the September 2006 lien, the January 2008 judgment, and the November 2008 lien, Conley violated Article V, Section 2(c) of the By-Laws, NASD Rule 2110, NASD IM-1000-1 and FINRA Rule 2010.

By willfully failing to update his Form U4 in a timely manner to disclose the September 2009 lien, the December 2010 lien, the August 2011 lien, and the August 2012 lien, Conley violated Article V, Section 2(c) of the By-Laws, and FINRA Rules 1122 and 2010.

Based on the foregoing, Respondent willfully violated Article V, Section 2(c) of the By-Laws, NASD Rule 2110, NASD IM-1000-1 and FINRA Rules 1122 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be suspended for three months from association with any FINRA member in any capacity.

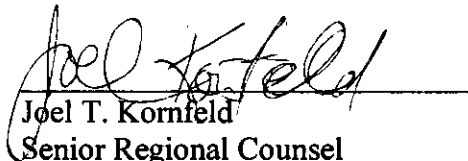
Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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

A handwritten signature in black ink, appearing to read "Joel Kornfeld", is written over a horizontal line.

Joel T. Kornfeld
Senior Regional Counsel
FINRA Department of Enforcement
300 S. Grand Avenue, Suite 1600
Los Angeles, CA 90071
(213) 613-2643 (phone)
(213) 617-1570 (fax)
Email: Joel.Kornfeld@finra.org