

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012033866901**

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

RE: Jacob R. Craton, Respondent
CRD No. 4850961

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

Jacob R. Craton (CRD No. 4850961) began working in the securities industry in 2004. He was associated with UBS Financial Services Inc. ("UBS" or "the Firm") as a General Securities Representative from October 15, 2007, through August 24, 2012. Craton was registered as a General Securities Representative with Summit Brokerage Services, Inc. from March 19, 2013 through April 23, 2013. Craton is not currently associated with a member firm. Pursuant to Article V, Section 4, of FINRA's By-Laws, Craton remains subject to FINRA jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Craton has no prior disciplinary history.

OVERVIEW

On April 2, 2012, while employed with UBS, Craton knowingly circumvented UBS's supervisory system and procedures regarding penny stock transactions,

which required principal approval prior to order entry. By circumventing his Firm's system and depriving the Firm of the opportunity to review the trade, Craton violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

On April 2, 2012, near the close of business, UBS customer HP asked Craton to purchase 100 shares of Coil Tubing Technology, Inc. ("CTBG") stock in his UBS account. CTBG was a penny stock under the Firm's definition, because it traded for less than \$5.00 per share, and therefore the Firm's supervisory system required principal review and approval of the trade.

After Craton entered the order into the Firm's computer order entry system, he noticed that the order would be routed to a principal for review and approval because CTBG shares were trading below \$5.00 at market. Craton changed the order terms to a \$5.00 limit order to bypass principal review and approval, since the Firm's system no longer flagged the transaction as involving a penny stock. After entering the \$5.00 limit order, the order was routed for execution, thereby depriving UBS of the opportunity to review and approve and otherwise supervise the transaction in accordance with its system and procedures.

By virtue of the foregoing, Craton knowingly circumvented UBS's supervisory system and procedures regarding penny stock transactions, in violation of FINRA Rule 2010.

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

- A 45 day suspension from associating with any FINRA member in any capacity;
- A \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 45 day 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 imposed in this matter.

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 prejudice 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

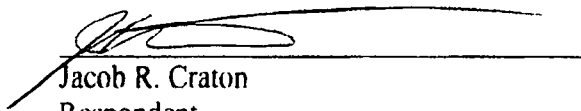
C. If accepted:

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.

- 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 t.

01-05/2015
Date (mm/dd/yyyy)

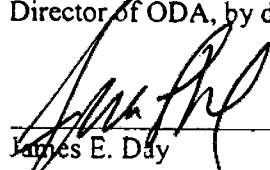


Jacob R. Craton
Respondent

Accepted by FINRA.

1/23/15
Date

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



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