

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012034450502**

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

RE: James S. Witter, Respondent
CRD No. 2820174

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, James S. Witter, ("Witter"), 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

In 1998, Witter first became registered through a FINRA-registered firm as a General Securities Representative. In 2005, he also became registered as a General Securities Sales Supervisor.

In January 2008, Witter became registered in those same two capacities through Royal Alliance Associates, Inc. (CRD No. 23131) ("Royal Alliance" or the "Firm") and he remains registered through Royal Alliance.

RELEVANT DISCIPLINARY HISTORY

Witter has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

OVERVIEW

From April 2009 through June 2011, Witter failed to reasonably supervise registered representative GK in violation of NASD Conduct Rule 3010 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Registered representative GK worked in a Royal Alliance branch office in New Jersey and earned the majority of his commissions through the sale of Unit Investment Trusts ("UITs"). In 2011, Royal Alliance filed a Form U5 reporting GK's voluntary termination from the Firm and disclosing that it was conducting an internal review of GK for exchanging UITs before maturity, making misrepresentations regarding UITs to customers, and failing to deliver UIT prospectuses.

While GK was associated with Royal Alliance, JW was responsible for supervising his securities activity. JW's primary supervisory task was to conduct a daily review of all of GK's securities transactions through the Firm's electronic trade review system.

From April 2009 through June 2011, GK effected UIT transactions in customer accounts that presented numerous "red flags," such as the following: a pattern of unsuitable short-term trading of UITs, including the sale of UITs before their maturity dates, resulting in high turnover rates and cost-to-equity ratios in customer accounts; switching between UITs and other securities with similar investment objectives; and designating a disproportionate number of UIT transactions as "unsolicited" in the Firm's order entry system.

These activities were identified as potential compliance issues on Firm surveillance reports that were issued to JW as early as June 2009.

However, JW failed to reasonably supervise GK to address these activities. Instead, he continued to approve GK's securities trades without further inquiry..

Royal Alliance instituted trading parameters to address GK's activities, but Witter failed to effectively implement those measures. For example, in January 2011, the Firm tasked JW with pre-approving all of GK's UIT purchases and rollovers. GK ignored this directive on at least 23 occasions and placed UIT trades without JW's pre-approval. Nevertheless, JW approved those UIT trades after the fact without question.

As a result, GK engaged in unsuitable UIT trades at Royal Alliance for nearly two years, until shortly before his termination in June 2011.

Based on the foregoing, JW violated NASD Conduct Rule 3010 and FINRA Rule 2010.

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

- a two-month suspension from association with any FINRA member firm in any principal capacity; and
- a \$5,000 fine.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

I understand that if I am suspended from associating with any FINRA member in a principal capacity, 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 a principal capacity during the period of the suspension (see FINRA Rules 8310 and 8311). Furthermore, because I am subject to a statutory disqualification during the suspension, if I remain associated with a member firm in a non-suspended capacity, an application to continue that association may be required.

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 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.

II. OTHER MATTERS

I understand that:

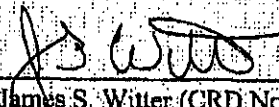
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

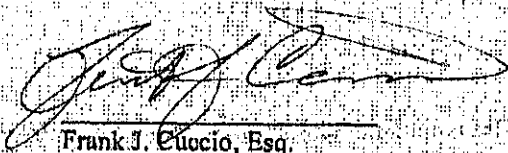
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

12/3/2015
Date (mm/dd/yyyy)


James S. Witter (CRD No. 2820174)

Reviewed by:



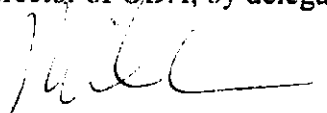
Frank J. Lucio, Esq.
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(973) 660-4446

Accepted by FINRA:

12/18/15

Date

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



Michael J. Newman
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