

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120344771-01**

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

RE: David Young, Respondent
General Securities Representative
CRD No: 2895390

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

Respondent David Young first entered the securities industry when he associated with a FINRA member firm on May 15, 1997. Young registered as a General Securities Representative (GS) on February 24, 1999, and again on July 20, 2012. On May 21, 2012, Young associated with FINRA member firm Merrill Lynch, Pierce, Fenner & Smith Incorporated. Merrill Lynch discharged Young on September 27, 2012. On October 19, 2012, Merrill Lynch filed a full Form U5 Uniform Termination Notice for Securities Industry Registration stating that it discharged Young for "loss of management's confidence related to the arrest of the registered representative in connection with a mortgage modification business." Young has not associated or registered with another FINRA member firm since he was discharged from Merrill Lynch, as reported on a Form U5 submitted by the firm on October 19, 2012.

RELEVANT DISCIPLINARY HISTORY

Young does not have any relevant disciplinary history.

OVERVIEW

David Young owned part of a mortgage loan modification and foreclosure consulting business in Nevada. In May 2012, the State of Nevada Department of Business and Industry, Division of Mortgage Lending (DML) issued an Order against David Young, among others, barring him from conducting a mortgage modification or foreclosure business. Young became aware of the DML Order in May 2012, however, when he filed an initial Form U4 Uniform Application for Securities Industry Registration or Transfer (Form U4) with Merrill Lynch in June 2012, Young willfully failed to disclose the DML Order in his Form U4.

FACTS AND VIOLATIVE CONDUCT

1. On May 3, 2012, Commissioner James Westrin (Commissioner) of the DML issued an Order against David Young, along with another individual and the company they owned. Among other things, the Order barred the company from advertising itself as a loan modification or foreclosure consultant and barred Young from conducting a mortgage modification or foreclosure business. The DML Order also imposed a \$50,000 administrative fine on the parties, ordered the parties to refund \$13,475 to six (6) homeowners who retained and paid the parties for services that they did not receive, and ordered the parties to pay DML's investigative costs of \$1,020. The Order provided that an administrative hearing be scheduled within 20 calendar days from the effective date of the Order, if the parties made a request for a hearing.
2. On May 14, 2012, Young sent a letter to DML requesting a hearing.
3. On May 31, 2012, Young attended an informal meeting with the Commissioner and his staff to discuss settlement of the violations noted in the Order and restitution for the homeowners.
4. On June 26, 2012, Young filed a Form U4 with FINRA / CRD to register with Merrill Lynch, Pierce. Young, however, failed to disclose the Order issued by the DML on his initial Form U4 with Merrill Lynch. Specifically, Question 14G(2) of the Form U4 asks, "Have you been notified, in writing, that you are the subject of any investigation that could result in a 'yes' answer to part of 14A, B, C, D or E..."¹ Young answered "No."

Based upon the foregoing acts, practices and conduct, Respondent Young willfully failed to disclose the Order issued by the DML on his initial Form U4

¹ Question 14D(2)(b) of Form U4 asks, "Have you been subject to any final order of a state securities commission (or any agency or office performing like functions), state authority that supervises banks, saving associations, or credit unions, state insurance commission (or any agency of office performing like functions) . . . that constitutes a final order based on violations of any law or regulation that prohibits fraudulent, manipulation, or deceptive conduct."

filed with FINRA / CRD by Merrill Lynch on June 26, 2012, in violation of FINRA Rules 1122 and 2010.

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

A six (6) month suspension in all capacities and a \$5,000 deferred fine.

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

The fine shall be due and payable either immediately upon reassociation with a member firm following the six month 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(s) imposed in this matter.

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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

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:

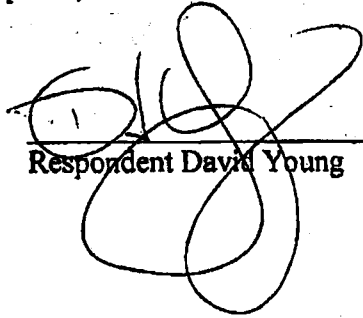
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not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

- 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.

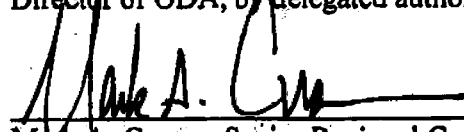
10/03/2014
Date (mm/dd/yyyy)


Respondent David Young

Accepted by FINRA:

10/08/2014
Date

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


Mark A. Graves, Senior Regional Counsel
FINRA Department of Enforcement
One Montgomery Street, Suite 2100
San Francisco, CA 94104
Phone (415) 217-1100; Fax: (202) 721-6505
Mark.Graves@finra.org