

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013035441402**

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

RE: Daniel Timothy Cowperthwaite
General Securities Representative
CRD No. 1398178

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Daniel Timothy Cowperthwaite ("Cowperthwaite") 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 him alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Cowperthwaite 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

Cowperthwaite entered the securities industry in February 1985 with Pruco Securities, LLC ("Pruco" or the "Firm") and obtained his Series 6 - Investment Company Products/Variable Contracts Representative and Series 63 - State Agent securities licenses in September 1985. He became registered as a General Securities Representative and General Securities Principal in 1996 and 1997, respectively. After being employed with another FINRA regulated broker dealer from April 2001 through September 2004, Cowperthwaite returned to Pruco where he became registered as a Financial Principal in 2007 and as an Investment Advisor in 2010. Cowperthwaite voluntarily resigned from Pruco in December 2012. Cowperthwaite became associated with another FINRA regulated broker dealer from January 2013 to February 6, 2013.

On January 2, 2013, Pruco filed a Uniform Termination Notice for Securities Industry Registration ("Form U-5") reporting customer complaints regarding Cowperthwaite. The Form U-5 stated that Cowperthwaite had voluntarily resigned from Pruco in December 2012 after allegations were made that he, among other things, took a loan from a Firm customer without Firm approval. On February 6, 2013, FINRA received a Form U5

reporting Cowperthwaite's termination of employment from the FINRA regulated broker dealer with which he became associated after Pruco.

Cowperthwaite has not been associated with a FINRA regulated broker-dealer since February 6, 2013. Pursuant to Article V, Section 4 of FINRA's By-Laws, Cowperthwaite remains subject to FINRA's jurisdiction until February 5, 2015.

RELEVANT DISCIPLINARY HISTORY

Cowperthwaite has no prior disciplinary history in the securities industry.

OVERVIEW

During the period of June and July 2012 (the "Relevant Period"), Cowperthwaite improperly received two loans, totaling approximately \$4,300 from a Pruco customer, in violation of FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240 prohibits registered persons from borrowing or lending money to anyone who is their customer unless the borrowing arrangement meets one of the conditions specified under the rule and is permitted by the employing member firm's written policies and procedures. During the Relevant Period, Pruco's written policies and procedures prohibited its employees from borrowing funds from Firm customers.

FINRA Rule 2010 requires all associated persons to observe high standards of commercial honor and just and equitable principles of trade.

During June and July 2012, Cowperthwaite borrowed approximately \$4,300 from a Firm customer (the "Customer"). Specifically, Cowperthwaite borrowed \$500 in June 2012 and \$3,800 in July 2012, from the Customer, without the Firm's knowledge or approval.

Cowperthwaite repaid \$3,800 of the amount borrowed, only after the Customer complained to the Firm. Cowperthwaite failed to repay the remaining \$500.

By obtaining loans from a Pruco customer without the Firm's knowledge or approval, Cowperthwaite violated FINRA Rules 3240 and 2010.

- B. Cowperthwaite also consents to the imposition of the following sanctions:
- a. A three month suspension from associating with any FINRA registered broker-dealer in any capacity; and
 - b. A fine of \$ 5,000.

Cowperthwaite understands that if he is 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, Cowperthwaite 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).

The fine shall be due and payable either immediately upon reassociation with a member firm following the 3 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.

Cowperthwaite specifically and voluntarily waives any right to claim that he is 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

Cowperthwaite specifically and voluntarily waives 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, Cowperthwaite 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.

Cowperthwaite 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

Cowperthwaite 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 him; and
- C. If accepted:
 - 1. this AWC will become part of his 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 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. Cowperthwaite 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. Cowperthwaite 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. Cowperthwaite may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Cowperthwaite understands that he 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.

Cowperthwaite 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.

July 11, 2014
Date (mm/dd/yyyy)

Daniel Timothy Cowperthwaite
Daniel Timothy Cowperthwaite

Reviewed by:

David Smyth
David Smyth
Counsel for Respondent
Brooks, Pierce, McLendon,
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Accepted by FINRA:

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

8/1/14
Date (mm/dd/yyyy)

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