

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO.: 2013036017701**

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

RE: Anthony Mark Farnsworth, Respondent
Investment Company and Variable Contracts Products Representative and Principal
CRD No. 4616189

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.

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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

Anthony Mark Farnsworth ("Farnsworth") entered the securities industry in December 2002, when he became associated with FINRA member firm PFS Investments, Inc. ("PFS"). In January 2003, Farnsworth was registered as an investment company and variable contracts products representative. Farnsworth was also registered as an investment company and variable contracts products principal in March 2003. Farnsworth remained with PFS until February 2013. Farnsworth became associated with another FINRA member firm in February 2013, and remains subject to FINRA's jurisdiction. Farnsworth does not have a relevant disciplinary history.

OVERVIEW

Farnsworth failed to accurately complete managed account program documentation preventing automated written disclosures from being issued regarding the costs associated with the transactions. Farnsworth further failed to accurately complete account documentation in connection with mutual fund purchases, thereby causing PFS to maintain inaccurate books and records, in violation of NASD Conduct Rule 3110 (for conduct prior to December 5, 2011) and FINRA Rules 4511 (for conduct commencing on December 5, 2011) and 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Conduct Rule 3110 provides that, "[e]ach member shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations and statements of policy promulgated thereunder and with the Rules of this Association and as prescribed by SEC Rule 17a-3." FINRA Rule 4511 superseded NASD Conduct Rule 3110 on

December 5, 2011. Moreover, it is inconsistent with FINRA Rule 2010 to cause a FINRA member to make and keep inaccurate records.

During the period from November 2011 into March 2012, Farnsworth, in four instances, failed to accurately complete PFS's required application forms, including managed account program applications, a supplemental suitability disclosure form, and other internal forms. Farnsworth further entered inaccurate information on mutual fund account documentation in four instances pertaining to the source of funds.

Specifically, as a result of Farnsworth's recommendations, eight PFS customers initiated variable annuity surrenders to open managed accounts and/or purchase mutual funds through PFS. In connection with the managed account program applications, Farnsworth failed to indicate on the documents that surrender charges were being incurred, and failed to disclose the true source of funds. As a result of Farnsworth's failure, written cost disclosures were not made to customers, as required by PFS's policies and procedures. Similarly, when completing the mutual fund applications, Farnsworth also failed to accurately disclose the source of funds, when the true source of funds was the surrender of a pre-existing annuity. By submitting inaccurate account documents to PFS, Farnsworth caused PFS to maintain inaccurate books and records.

As a result of the foregoing conduct, Respondent Farnsworth violated NASD Conduct Rule 3110 (for conduct prior to December 5, 2011) and FINRA Rules 4511 (for conduct commencing on December 5, 2011) and 2010.

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

- \$5,000 fine; and
- A two-month suspension from associating with any FINRA member firm in all capacities.

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 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).

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 prejudgment 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

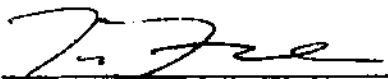
I understand that:

- 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

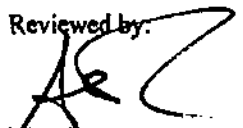
corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

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 it.

12/16/14
Date


Anthony Mark Farnsworth, Respondent

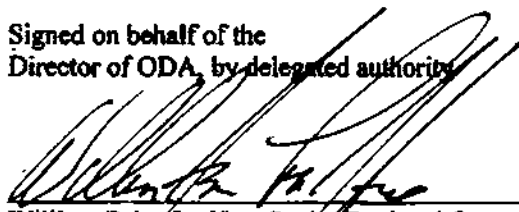
Reviewed by:


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Accepted by FINRA:

1/20/15
Date

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


William Brice La Hue, Senior Regional Counsel
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