

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036055801**

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

RE: Hines Securities, Inc., Respondent
CRD No. 128145

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Hines Securities, Inc. ("Hines" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

Hines is currently, and was during all times relevant hereto, a member of FINRA and registered as a broker/dealer with the U.S. Securities and Exchange Commission. Hines registered with FINRA in January 2004. The firm is based in Houston, Texas, and currently employs 65 registered personnel and operates three branch offices.

RELEVANT DISCIPLINARY HISTORY

Hines has no prior disciplinary history

FACTS AND VIOLATIVE CONDUCT

Between December 2012 and January 2013, Hines's minimum net capital requirement was the higher of \$5,000 or 6 2/3% of aggregate indebtedness, pursuant to Securities Exchange Act Rules 15c3-1(a)(1)(i) and 15c3-1(a)(2)(vi). At various times during the period from December 31, 2012 through January 17, 2013 (the "Relevant Period"), Hines failed to maintain the required minimum net

capital while conducting a securities business. Specifically, Hines acted as a dealer manager during the Relevant Period, and effected securities transactions on January 2, 2013 and January 16, 2013 while net capital deficient.

On January 2, 2013, the firm had a net capital requirement of \$391,127 and net capital of -\$154,958. As a result, the firm was net capital deficient \$546,085. On January 16, 2013, the firm had a net capital requirement of \$316,798 and net capital of -\$99,161. Thus, Hines was net capital deficient \$415,959.

Hines's net capital deficiency was due to the firm underestimating sales related expenses by \$1,530,000, which caused the firm to understate its payables and, in turn, its minimum net capital requirement.

Based on the foregoing, Hines violated Section 15(c) of the Securities Exchange Act of 1934, SEC Rule 15c3-1 and FINRA Rules 4110(b)(1) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

A censure and a \$10,000 fine.

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

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, Respondent 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.

Respondent 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

Respondent 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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 Respondent's: (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. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it 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.

The undersigned, on behalf of Hines Securities, Inc., certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Hines Securities, Inc. 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 Hines Securities, Inc. to submit it.

Hines Securities, Inc.

10/21/2013
Date (mm/dd/yyyy)

By: Susan Dudley
(Signature)

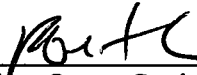
Name: Susan Dudley
(Print Name)

Title: Chief Compliance Officer

Accepted by FINRA:

11/5/2013
Date

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


Robert Long, Senior Regional Counsel
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