

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036095001**

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

RE: James Edmond Moniz (CRD No. 852438),
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, James Edmond Moniz ("Moniz" or "Respondent") 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

Moniz first became registered as an Investment Company Products/Variable Contracts Representative and a Direct Participation Programs Representative with FINRA on May 23, 1978 through an association with member firm Signator Investors, Inc. (BD No. 468) ("SII" or "the Firm"). He became registered as a General Securities Representative with FINRA through SII on September 1, 2000.

On November 7, 2013, SII filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") notifying FINRA that it had discharged Moniz on October 25, 2013. Moniz is not currently associated with a member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

While registered with SII, Moniz made unsuitable recommendations to a married couple that they purchase a Variable Universal Life insurance policy ("VUL") on the husband's life, and use the proceeds of a reverse mortgage to (a) purchase a variable annuity ("VA"), and (b) open a managed investment account.

After the insurance company questioned the VUL application, Moniz caused the application to be re-submitted with certain information changed or added on the form, and without first informing the customers of his actions. Moniz also inaccurately represented in account applications the source of funds for the VA and managed account. This conduct violated NASD Conduct Rules 2310 and 2110 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

1. In approximately August 2008, JR and DR first met with Moniz in order to determine if they needed to take additional steps in their retirement planning. JR and DR were a retired married couple who were 70 and 65 years old, respectively, when they first met Moniz.

At the time, JR and DR maintained two term life insurance policies on JR's life. The first policy provided a death benefit of \$100,000 with an expiration date of December 3, 2014, when JR would be 77 years old. The second policy provided a death benefit of \$200,000 with an expiration of April 6, 2017, when JR would be 79 years old. The total annual premium for these two term life policies was \$1,855. Moreover, if JR were to pass away after the term policies expired, the couple had sufficient assets available to meet DR's needs in retirement, including almost \$1 million in real estate and approximately \$400,000 in securities accounts.

Sometime after their initial meeting, Moniz recommended that JR and DR purchase a John Hancock Life ("Hancock") VUL on JR's life. The annual premium for the recommended VUL, which provided a death benefit of \$310,000, was \$11,826. Almost immediately after the VUL policy was issued in December 2008, JR and DR became concerned about the very high cost of the VUL, which was approximately six times the premium cost of the term life policies. Although the VUL provided life insurance coverage for a longer period than the term policies, Moniz's recommendation to JR and DR that they purchase a Hancock VUL at a cost of almost \$12,000 per year in premiums was not appropriate for their needs.

By recommending to JR and DR that they purchase a VUL without a reasonable basis for doing so, Moniz violated NASD Conduct Rules 2310 and 2110.

2. The VUL application was signed by JR, DR and Moniz on October 1, 2008, and submitted to Hancock's New Business Group by Moniz. The original application indicated that the term life policies would remain in force.

On October 24, 2008, Hancock issued a written decision on the VUL application questioning the need for the additional \$310,000 in coverage and further stating that the amount of insurance in force on JR's life through the term life policies appeared sufficient. On December 3, 2008, without first informing JR and DR of his actions, Moniz caused to be re-submitted the same application to Hancock with certain information either changed or added in handwriting. Significantly, in the revised application the Pending Insurance section was amended with a negative response to a question concerning whether the term life policies would remain in-force.

By submitting an amended VUL application without first informing his customers of his actions, Moniz violated NASD Conduct Rule 2110.

3. In early 2009, Moniz recommended to JR and DR that they take out a reverse mortgage on their primary residence. On April 6, 2009, a \$250,000 reverse mortgage on the couple's primary residence was funded. In or about June 2009, Moniz recommended that JR and DR use the reverse mortgage proceeds to purchase a \$100,000 VA and to open a managed investment advisory account with another entity with the remaining \$150,000.

The funds JR and DR invested in the recommended VA were subject to a five year surrender charge, meaning if they needed to liquidate the investment to access their funds they would be required to pay several thousand dollars in order to do so. Moreover, Moniz was aware when he made these recommendations that JR and DR did not have sufficient liquid assets available to purchase the VA and open the investment account without encumbering their home. Moniz also acknowledged that he did not understand the costs associated with the reverse mortgage obtained by JR and DR at his recommendation. By recommending that JR and DR purchase the VA and open the investment account without a reasonable basis to do so, Moniz violated NASD Conduct Rule 2310 and FINRA Rule 2010.

4. According to SII procedures, both the VA and the investment account were opened using a SII Client Profile Form, also known as a "Fact Finder," along with application forms required by the product issuer or sponsor. The Fact Finder captured basic information about the customer(s) (such as date of birth, marital status, employment data, dependents, etc.), suitability data and information specific to the purchase of the subject investment.

Section E4 of the Fact Finder required Moniz to disclose the source of funds for the investments. The form provided several options, including "Insurance Surrender/Withdrawal," "Mutual Fund Redemption" and "Savings" among

others. The Fact Finder also contained a space for "Other" in the event the appropriate source of funds choice was not listed on the form. On the Fact Finder forms completed for both the VA and investment account, Moniz listed the source of funds as "Savings," despite the fact that the funds came from the reverse mortgage.

By inaccurately reflecting that the source of funds for JR and DR's VA and managed account investments was "Savings," Moniz violated FINRA Rule 2010.

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

- a six-month suspension from association with any FINRA member firm in any capacity; and
- a \$25,000 fine (which includes disgorgement of commissions received of \$12,378).

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.

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:

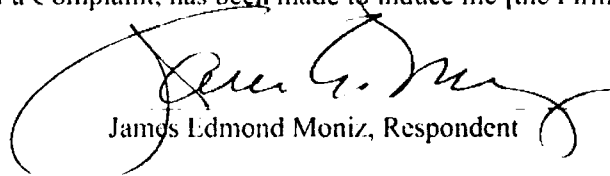
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

5/30/14
Date (mm/dd/yyyy)


James Edmond Moniz, Respondent

Reviewed by:

 05/30/2014
Simon R. Brown
Counsel for Respondent
Preti Flaherty
P.O. Box 1318
Concord, NH 03302-1318
(603) 410-1500

Accepted by FINRA:

6/9/2014
Date

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


Paul D. Taberner
Senior Regional Counsel
FINRA Department of Enforcement
99 High Street
Suite 900
Boston, MA 02110
617-532-3425 (telephone)
202-721-8322 (facsimile)