

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036640801**

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

RE: Timothy R. Ward
CRD No. 2600718

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

Timothy R. Ward ("Ward") first became registered with a FINRA member in November 1994 where he remained until January 1996. Between January 1996 and July 2008, Ward was registered with five other FINRA members. In July 2008, Ward became registered with Investment Professionals, Inc. ("IPI" or the "Firm"). He remained registered with IPI until his termination on April 15, 2013. While in the securities industry, Ward obtained the following securities licenses: Series 6 (May 24, 1995); Series 63 (June 5, 1995); Series 7 (July 18, 1997); and Series 66 (February 24, 2006).

Ward is not currently registered or associated with a FINRA member. FINRA retains jurisdiction over Ward pursuant to Article V, Section 4(a), of the FINRA By-Laws because the conduct that serves as the basis for this action commenced prior to Ward's termination of registration from a FINRA member, and this AWC has been filed within two years after the effective date of Ward's last termination of registration from a FINRA member.

FACTS AND VIOLATIVE CONDUCT

1. Fraudulent Conversion of Customer Funds.

In or about October 2010, Ward solicited two customers to buy a mutual fund. The customers gave him \$10,000 in cash to invest in the mutual fund. Instead of investing the funds, Ward converted the funds for his own personal use and then provided the customers with false quarterly account statements that showed that the money had been invested in the mutual fund. By fraudulently converting funds belonging to Firm customers rather than investing them as represented, Ward willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 promulgated thereunder, and FINRA Rules 2020, 2150 and 2010.

2. Falsification of Documents.

To conceal his fraudulent conversion of funds from his customers, Ward created several false quarterly account statements showing fictitious account values in a mutual fund for which the customers never invested. By falsifying account statements in a manner inconsistent with the truth, Ward violated FINRA Rules 4511 and 2010.

3. Borrowing from Customers.

On or about November 2012, Ward borrowed at least \$10,000 in total from three Firm customers in violation of the Firm's written policy prohibiting lending arrangements with customers. Ward did not give written notice to, nor obtain prior written approval from, the Firm for any of the loans he received from Firm customers. By entering into improper lending arrangements with Firm customers, Ward violated FINRA Rules 3240 and 2010.

4. Settling a Customer Complaint Away from the Firm.

On February 6, 2013, and again on March 12, 2013, Ward settled a customer complaint without notifying the Firm. In November 2012, a Firm customer, HL, purchased a variable annuity contract in the amount of \$52,000. Due to a misunderstanding between HL and Ward regarding the product, HL decided to terminate the contract. HL, however, was beyond the "free look" period and thus subject to surrender charges in the amount of \$4,454.54. Ward settled HL's complaint by paying HL the full amount of the surrender charges via two cashier's checks without notifying the Firm. As a result of the foregoing conduct, Ward violated FINRA Rule 2010.

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

1. A bar in all capacities from associating with any FINRA member.

The sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar shall become effective upon approval or acceptance of this AWC.

Ward understands that if he is barred or suspended from associating with any FINRA member, he becomes 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 Exchange Act. Accordingly, Ward 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). Ward further understands that this settlement includes a finding that he willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and that under Article III, Section 4, of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a FINRA 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 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.

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.

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.

5-8-2013
Date

Timothy R. Ward
Timothy R. Ward

Accepted by FINRA:

5-9-13
Date

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

A handwritten signature in black ink, appearing to read 'Jacqueline Perrell', written over a horizontal line.

Jacqueline Perrell
Senior Counsel

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