

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036824401**

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

RE: James E. Poe, Respondent
CRD No. 5085362

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, James E. Poe ("Poe" 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

Poe entered the securities industry in January 2006, when he became associated with a FINRA member firm. Poe was associated with Fox Financial Management Corporation ("Fox") from May 2008 until October 2012, and was registered with FINRA as a Corporate Securities Representative. Poe is also an Investment Adviser Representative through his own Registered Investment Advisory ("RIA") firm, Jim Poe & Associates ("JP&A"). Poe is not currently associated with a FINRA member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4(a) of FINRA's By-Laws.

OVERVIEW

During the period from May 2010 to October 2012, Poe served as the executive officer, investment advisor, and managing partner of the general partner of two hedge funds, executed securities transactions on behalf of the funds and received compensation from them. Poe failed to provide prior written notice to or receive written acknowledgment from his member firm regarding his roles, his planned

participation, or his expected compensation. Poe's actions violated NASD Rules 3030 (for conduct prior to December 15, 2010) and 3040 and FINRA Rules 3270 (for conduct on or after December 15, 2010) and 2010.

During the period from July 2011 to October 2012, Poe structured and sold investments in life settlements totaling approximately \$2.25 million and received compensation in the form of management fees. Poe failed to provide prior written notice to or receive written acknowledgment from his member firm regarding his role, his planned participation, or his expected compensation. Poe's actions violated NASD Rule 3040 and FINRA Rules 3270 and 2010.

Poe also violated FINRA Rules 8210 and 2010 by failing to timely respond to a FINRA staff request for documents and information made pursuant to FINRA Rule 8210.

FACTS AND VIOLATIVE CONDUCT

Poe Failed to Disclose Outside Business Activities and Engaged in Private Securities Transactions Without Providing Prior Written Notice

In 2008 and 2009, Poe disclosed several outside business activities to Fox, including: his RIA, JP&A; Senior Retirement Planners, LLC ("SRP"), which Poe described as "Ins. Agency-Estate Planning;" and P&C Partnership, LLC ("P&C"), which was the general partner of P&C Dividend Capture Fund, L.P. (the "Dividend Capture Fund"), a hedge fund sold by Poe through his RIA. Fox approved in writing Poe's participation in these activities.

The Hedge Funds

In 2010, however, while he was associated with Fox, Poe created two additional hedge funds for which P&C was the general partner, the P&C Global Fund, LP (the "Global Fund") and the P&C Value Added Fund, LP (the "Value Added Fund"). Poe was an executive officer of both funds. Poe sold the funds to customers through his RIA. Poe never notified Fox in writing of these two funds, and did not receive written approval of his participation in them from Fox.

JP&A was the investment manager for both funds. Poe was responsible for all of the investment and trading decisions for the funds. Poe created the investment models for the funds and placed trades in securities on behalf of the hedge funds. The Global Fund and the Value Added Fund compensated Poe through a management fee paid to JP&A and an incentive fee paid to P&C.

NASD Rule 3030 provides, in relevant part:

No person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to the member. Such notice shall be in the form required by the member.

On December 15, 2010, FINRA Rule 3270 replaced NASD Rule 3030. FINRA Rule 3270 prohibits any registered person from acting as “an employee, independent contractor, sole proprietor, officer, director or partner of another person, or to be compensated, or have the reasonable expectation of compensation” from a business activity outside the scope of the registered person’s employment, unless the registered person provided prior written notice to the Firm.

While associated with Fox, Poe participated in outside business activities by acting as the executive officer, investment manager and managing partner of the general partner of both the Global Fund and the Value Added Fund, and receiving compensation therefrom. He did not provide prompt or prior written notice of these activities to Fox. As a result of the foregoing conduct, Poe violated NASD Rule 3030 (for conduct prior to December 15, 2010) and FINRA Rules 3270 (for conduct on or after December 15, 2010) and 2010.

NASD Rule 3040 requires an associated person to provide written notice to his FINRA-registered broker-dealer employer prior to participating in any private securities transaction. The notice must describe in detail the proposed transaction and the person’s proposed role therein and state whether he has received or may receive “selling compensation” in connection with the transaction. NASD Rule 3040(e)(1) defines “private securities transaction” as “any securities transaction outside the regular course or scope of an associated person’s employment with a member, including, though not limited to, new offerings of securities which are not registered with the Commission”

In instances in which the associated person may receive or will receive selling compensation in connection with the private securities transactions, NASD Rule 3040(c) requires members to provide associated persons with written approval or disapproval of the associated person’s participation in the private securities transaction.

The term “selling compensation” is defined by NASD Rule 3040(e)(2) as “any compensation paid directly or indirectly from whatever source in connection with or as a result of the purchase or sale of a security, including, though not limited to, commissions; finder’s fees; securities or rights to acquire securities; rights of

participation in profits, tax benefits or dissolution proceeds, as a general partner or otherwise; or expense reimbursements.”

While associated with Fox, Poe participated in private securities transactions by executing securities transactions on behalf of the Global Fund and the Value Added Fund outside of Fox, and receiving compensation therefrom. Poe did not provide prior written notice of these activities to Fox, and did not receive written approval of them from Fox. *As a result of the foregoing conduct, Poe violated NASD Rule 3040 and FINRA Rule 2010.*

The Life Settlements

Additionally, while he was associated with Fox, Poe created and sold interests in two life settlements through SRP. Poe did not update his disclosures with Fox to notify the firm that he was expanding SRP’s business, which Fox understood to be an insurance agency and estate planning business. Poe never notified Fox in writing of the details of his role in the life settlements or his compensation from them, and did not receive written approval of his participation in them from Fox.

Poe raised approximately \$2.25 million from 22 investments in two separate life settlements during the period of July 29, 2011 to October 19, 2012, while he was registered with Fox. Poe received \$686,230 in management fees paid to SRP.

While associated with Fox, Poe participated in outside business activities by structuring two life settlements and receiving compensation therefrom. He did not provide prompt or prior written notice of these activities to Fox. As a result of the foregoing conduct, Poe violated FINRA Rules 3270 and 2010.

While associated with Fox, Poe participated in private securities transactions by selling 22 investments in two life settlements, and receiving compensation therefrom. Poe did not provide prior written notice of these activities to Fox, and did not receive written approval of them from Fox. As a result of the foregoing conduct, Poe violated NASD Rule 3040 and FINRA Rule 2010.

Poe Failed to Timely Respond to a Rule 8210 Request

On November 12, 2012, FINRA staff sent Poe a request for documents and information pursuant to FINRA Rule 8210, seeking information about, among other things, his participation in the hedge funds. Poe failed to provide responsive documents or information prior to the due date of November 23, 2012.

Subsequently, on May 3, 2013, FINRA staff initiated a FINRA Rule 9552 proceeding against Poe. The Notice of Suspension included, among other things, notice that Poe would be suspended from associating with any FINRA member firm in any capacity unless he fully complied with the Rule 8210 request on or before May 28, 2013. On May 13, 2013, Poe finally responded to the Rule 8210

request, providing the requested documents and information approximately six months after they were requested.

FINRA Rule 8210 authorizes FINRA to require persons who are, or within the last two years have been, associated with a FINRA member to “provide information orally [or] in writing ... with respect to any matter involved in the investigation.” FINRA Rule 8210(c) states “[n]o member or person shall fail to provide information or testimony or to permit an inspection and copying of books, records, or accounts pursuant to this Rule.”

Poe failed to respond in a timely manner to a request for documents and information made pursuant to FINRA Rule 8210. Poe only responded to the request after FINRA initiated a FINRA Rule 9552 proceeding against him. As a result of the foregoing conduct, Poe violated FINRA Rules 8210 and 2010.

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

A two-year suspension from association in all capacities with any FINRA member firm, a fine of \$775,000, which includes the disgorgement of financial benefits received of \$686,230, and interest on the amount of disgorgement at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from December 12, 2012 until the date this AWC is accepted by the National Adjudicatory Council.

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

Respondent 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.

Respondent 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 Securities Exchange Act of 1934. Accordingly, Respondent 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

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 him;
- 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 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.

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:

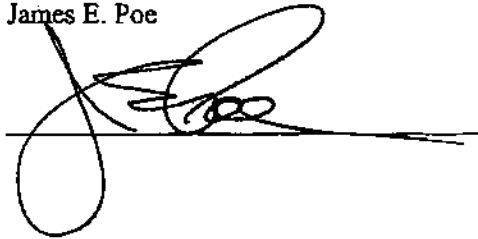
1. This AWC will become part of Respondent's permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against it;
2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary records;
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 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.

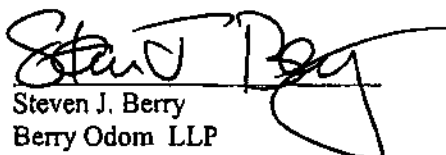
Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce Respondent to submit it.

10.16.2014
Date

James E. Poe



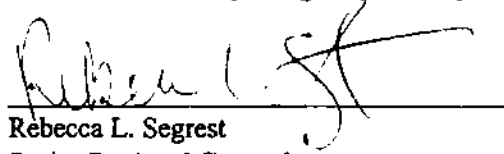
Reviewed by:


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Accepted by FINRA:

Oct 20, 2014
Date

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


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