

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036890201**

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

**RE: John Lucas, Respondent
General Securities Representative
CRD No. 313853**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, John Lucas ("Respondent" or "Lucas"), 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

Respondent first became registered in 1958 through his association with a FINRA member firm. Subsequently he was associated with several member firms where he was registered as a General Securities Representative ("GSR"). Since August 1991, Respondent has been associated with Wedbush Securities, Inc. (the "Firm"), where he is currently registered as a GSR.

Respondent does not have any disciplinary history.

OVERVIEW

Respondent violated NASD Rule 2510 and FINRA Rule 2010 by exercising discretion without authorization and FINRA Rule 2010 by accepting instructions from a third party regarding a customer's account without authorization from the customer.

FACTS AND VIOLATIVE CONDUCT

1. From May 2011 through November 2012, Respondent exercised discretion in the account of customer JW without obtaining prior written authorization from JW and without his employer member firm having accepted the account in writing as discretionary. During this time JW and Respondent had an oral agreement that Respondent would liquidate securities in JW's brokerage account in an amount sufficient to send \$4,000.00 per month via ACH to JW's individual bank account to pay for care as her health declined. On May 4, 2011 and June 27, 2011, Respondent executed sales transactions in accordance with their agreement. Although Respondent spoke to JW before he executed the transactions, they were not executed until six (6) days and one (1) day, respectively, thereafter. Subsequently, he executed twelve (12) additional transactions without speaking to customer JW. Consequently, Respondent exercised discretion without the customer's written authorization and his firm's acceptance of the account as discretionary with regard to those transactions, in violation of NASD Conduct Rule 2510 and FINRA Rule 2010.

2. In August 2011, Respondent was contacted by JW's caregiver (TS) who instructed Respondent to increase the monthly distributions to approximately \$10,000.00 to compensate for increased costs of JW's care. Respondent increased the amount of securities he sold each month, beginning in September 2011 and continuing through November 2012, and caused the transfer of approximately \$10,000.00 each month to JW's bank account. Respondent did not receive either oral or written third party authorization from JW permitting him to accept account instructions from TS, nor did he discuss with JW the transactions he executed in her account after speaking to TS in August 2011. By executing transactions to comply with TS's instructions, Respondent exercised discretion without oral or written authorization. Further, by accepting and acting upon instructions from a person without authority to direct account activity, Respondent engaged in conduct inconsistent with high standards of commercial honor and just and equitable principles of trade and violated FINRA Rule 2010.

By reason of the foregoing, Respondent violated NASD Rule 2510 and FINRA Rule 2010 for exercising discretion without authority in JW's account, and FINRA Rule 2010 for accepting instructions from TS who is not a party to JW's account or authorized to give directions regarding the account.

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

- 1. A three-month (3) suspension from associating with any FINRA member in any capacity; and**
- 2. a \$5,000.00 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 he proposes to pay the fine imposed.

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 Respondent;**
- 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 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.

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;
- 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 Respondent;
 - 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 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. 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.

1-10-2014
Date (mm/dd/yyyy)

John Lucas
John Lucas

Reviewed by:

John L. Erikson, Jr.
John L. Erikson, Jr.
Corporate Counsel
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Jan. 14. 2014 2:57PM

No. 3012 P. 8

Jan. 9. 2014 10:27AM

No. 2997 P. 9

Accepted by FINRA:

1/23/14
Date

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



Soo H. Im
Senior Regional Counsel
FINRA Department of Enforcement
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