

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013036891701**

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

RE: Daniel G. Dillard, Respondent
General Securities Representative, General Securities Principal
[CRD No. 4289333]

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Daniel G. Dillard, 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

Daniel G. Dillard ("Dillard" or "Respondent") entered the securities industry on December 6, 2000, as a General Securities Representative of a member of FINRA. Dillard, during all periods mentioned herein, was associated with LPL Financial LLC ("LPL" or the "Firm"), and was registered with FINRA under Article V of the By-Laws as a General Securities Principal and General Securities Representative. Dillard's employment with LPL ended on April 10, 2013. Dillard is currently registered with FINRA and associated with a FINRA member firm. Dillard has no prior disciplinary history.

FACTS AND VIOLATIVE CONDUCT

On January 1, 2011, Dillard entered into a Financial Institution Services Agreement (the "FISA") with ACU. The FISA permitted Dillard to offer securities as a registered representative while associated with LPL and located on the premises of ACU. While the FISA provided for LPL to distribute 25% of Dillard's net commissions to ACU and 75% to Dillard, it also provided for a

temporary increase of the net commissions to be paid to ACU. Specifically, the net commission payments to ACU were to increase to 28%, and the corresponding payments to Dillard were to decrease to 72%, until \$1,500,000 of Dillard's total net commissions had been paid to both ACU and Dillard. Pursuant to the FISA terms, after the \$1,500,000 threshold had been reached, the net commission split would revert to 25% to ACU and 75% to Dillard. To implement the FISA's terms, LPL required that Dillard submit an internal form to LPL detailing the net commission distribution percentages to ACU and Dillard. This form was signed by Dillard and ACU's president, and submitted to LPL to effect the commission distribution.

Subsequent to January 2011, Dillard tracked his progress towards generating \$1,500,000 in net commissions using LPL's year-to-date commission summaries. On January 10, 2013, having reached that amount,¹ Dillard took the January 2011 internal form that he submitted previously to LPL and falsified it by altering the commission distribution percentages to reflect 25% to ACU and 75% to Dillard, reusing the ACU president's prior signature, and then submitting the falsified form to LPL. Dillard changed the commission distribution percentages and reused the ACU president's prior signature without ACU's knowledge, authorization, or consent. Dillard's actions also caused LPL to maintain inaccurate books and records.

As a result of the foregoing conduct, Respondent Dillard violated FINRA Rules 4511 and 2010.

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

A \$5,000 fine and a three month suspension in all capacities with any FINRA member firm.

I agree to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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.

I understand that if I am barred or suspended from associating with any FINRA member, I become 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, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during

¹ It is unknown why but the Firm did not implement the 28% increase to ACU until January 2012. Dillard, tracking only whether he had reached the \$1,500,000 threshold and not the actual allocation of the net commissions, was unaware in 2013 that ACU had only been paid 25% of his net commissions in 2011.

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

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;

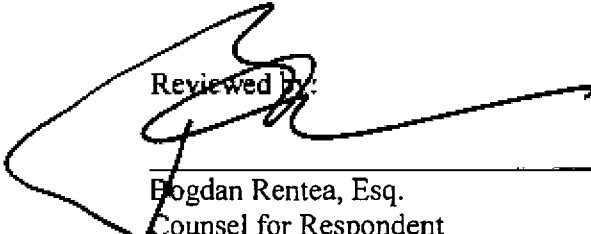
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 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.
- 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.

Sept. 1, 2015
Date (mm/dd/yyyy)


Daniel G. Dillard, Respondent

Reviewed By:


Bogdan Rentea, Esq.
Counsel for Respondent
Rentea & Associates
505 W. 12th Street, Suite 206
Austin, TX 78701
512-472-6291
Accepted by FINRA:

9-1-2015
Date

September 2, 2015

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


Sarah B. Belter, Senior Regional Counsel
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