

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037374401**

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

RE: Dudley Franklin Stephens, Respondent
General Securities Representative
CRD No. 4119268

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Dudley Franklin Stephens ("Respondent" or "Stephens") 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 him 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

Stephens first began working in the securities industry in January 2000. He was registered with FINRA as a General Securities Representative ("GSR") and/or General Securities Principal ("GP") through an association with multiple member firms between February 2000 and January 2011. From January 11, 2011 to May 3, 2013, Stephens was registered with FINRA as a GSR and GP through an association with HSBC Securities (USA) Inc. ("HSBC") (BD No. 19585). From May 3, 2013 to April 16, 2014, Stephens was registered with FINRA as a GSR through an association with another member firm. On April 16, 2014, Stephens became registered with FINRA as a GSR and GP through an association with a different member firm, where he is currently employed.

RELEVANT DISCIPLINARY HISTORY

Stephens does not have any disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.

OVERVIEW

This matter concerns Stephens' May 2013 removal and use of HSBC customer information without authorization. Stephens took the information with him when he left his employment at HSBC to assist him in opening customer accounts at his new employing broker-dealer. Stephens failed to observe high standards of commercial honor and just and equitable principles of trade in violation of FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

In May 2013, Stephens improperly removed confidential and proprietary information from HSBC. More specifically, Stephens printed a spreadsheet containing, *inter alia*, customer names, account numbers, social security numbers, addresses and other information for 308 HSBC customers. The information Stephens took constituted nonpublic personal information under Regulation S-P of the Securities Exchange Act of 1934. HSBC had policies and procedures prohibiting Stephens from taking this customer information. Stephens did not have permission to take the HSBC customer information, but did so in order to establish new relationships at his next broker-dealer. Stephens did not notify HSBC that he was in possession of this document or obtain permission from HSBC to take the document.

On May 3, 2013, Stephens resigned from HSBC and on the same day joined a new firm. Stephens then utilized the HSBC nonpublic personal information to attempt to solicit the opening of an account at his new firm.

FINRA Rule 2010 requires registered representatives to observe high standards of commercial honor and just and equitable principles of trade. By reason of the foregoing, Stephens violated FINRA Rule 2010.

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

1. A suspension from association with any FINRA member in any and all capacities for ten business days; and
2. A \$5,000 fine.

Stephens agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Stephens has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

Stephens 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.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Stephens 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, Stephens 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.

Stephens 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

Stephens 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 him; and

C. If accepted:

1. this AWC will become part of his permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about his 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. He 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. He 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 his: (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. Stephens may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Stephens 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.

Stephens 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 he 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 him to submit it.

06/13/2014
Date (mm/dd/yyyy)


Respondent, Dudley Franklin Stephens

Reviewed by:



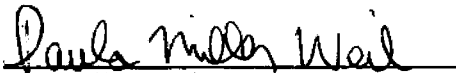
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Counsel for Respondent

Accepted by FINRA:

June 16, 2014

Date (mm/dd/yyyy)

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



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