

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013037675101**

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

RE: John Hoyt Williams, Jr., Respondent
General Securities Representative
CRD No. 2410231

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, John Hoyt Williams, Jr. ("Williams"), 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

Williams entered the securities industry in October 1993 when he became associated with a FINRA regulated broker-dealer and its affiliate insurance company. In January 1994, Williams became registered with FINRA as a General Securities Representative ("GSR") through associations with both entities, until April 1995. In January 1997, Williams became associated with another FINRA member as a GSR, where he remained until September 1999. At that time, Williams became associated with LPL Financial LLC ("LPL") where he served as a GSR until July 5, 2013. In August 2013, Williams joined another FINRA member, where he served as a GSR until July 1, 2017. Williams is not currently associated with a FINRA member. Pursuant to Article V, Section 4 of the By-Laws, however, FINRA retains jurisdiction over Williams.

RELEVANT DISCIPLINARY HISTORY

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

OVERVIEW

Between February and March 2009, while registered with FINRA as a GSR through an association with LPL, Williams participated in three private securities transactions without providing prior written notice to LPL and receiving written approval. That conduct violated NASD Rule 3040 and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 3040 prohibits associated persons from participating in any manner in a private securities transaction outside their regular course of employment with a member firm, without providing prior written notice and receiving approval from the member firm. NASD Rule 3040 defines a private securities transaction as "any securities transaction outside the regular course or scope of an associated person's employment with a member." FINRA Rule 2010 requires registered representatives to observe high standards of commercial honor and just and equitable principles of trade.

Between February and March 2009, Williams referred three LPL customers to a company that is not a broker-dealer (the "Company") to obtain non-recourse loans secured by the customers' securities. Williams facilitated the transactions by recommending that the customers pledge securities as collateral for the loans. The pledged securities were transferred to the Company. Williams also assisted the customers with completing and submitting the transaction documents to the Company. When the securities were pledged as collateral for these non-recourse loans, the Company could not obtain repayment from the customers beyond the pledged collateral. The customers pledged securities valued at approximately \$700,000 for non-recourse loans totaling approximately \$500,000. The customers ultimately realized gains from the transactions. However they were exposed to the risk of suffering losses in the amount of \$200,000.

By April 2, 2009, Williams received referral fees from the Company totalling \$12,880. The transactions were outside the regular course and scope of Williams' employment with LPL. Williams did not provide written notice to or receive approval from LPL to participate in any of these transactions. In addition, on a questionnaire Williams submitted to LPL during 2010, Williams stated that he had not received any referral fees of this type.

As a result of the foregoing, Williams violated NASD Rule 3040 and FINRA Rule 2010.

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

- a three-month suspension from associating with any FINRA member in any capacity;
- a \$10,000 fine; and disgorgement of referral fees received, which is ordered to be paid to FINRA in the amount of \$12,880, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621, from April 2, 2009 until the date this AWC is accepted by the NAC.

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 the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The fine and disgorgement shall be due and payable either immediately upon reassociation with a member firm, 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

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

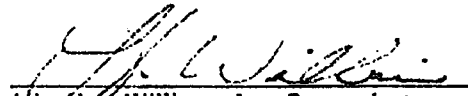
I understand that:

- 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, John Hoyt Williams, Jr., 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.

8/21/2017
Date


John Hoyt Williams, Jr. - Respondent

Reviewed by:

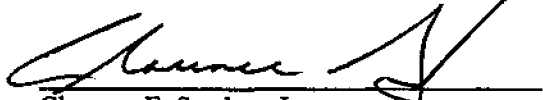

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Accepted by FINRA:

08/28/2017
Date

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

A handwritten signature in black ink, appearing to read "Clarence Sanders, Jr.", written over a horizontal line.

Clarence E. Sanders, Jr.
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