

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2013038259901**

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

RE: Douglas Eric Hampton, Respondent  
CRD No. 2797816

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Douglas Eric Hampton ("Respondent" or "Hampton"), 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 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 purpose 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**

Hampton was first registered with a FINRA member in 1996. He was registered with three different firms from 1996 to 2008. In December 2008, Hampton registered with First Allied Securities, Inc., where he remained registered until July 30, 2013, when the firm filed a Form U5 terminating his registration. The firm filed an amendment to the Form U5 on September 3, 2013, disclosing that on August 13, 2013, Hampton had entered a guilty plea in the U.S. District Court for the Southern District of Ohio to charges that he had conspired to defraud the United States Government. Hampton has not been associated with a FINRA member since his termination from First Allied Securities.

FINRA retains jurisdiction over Hampton pursuant to Article V, Section 4(a), of FINRA's By-Laws because this AWC charges him with misconduct committed while he was registered or associated with a FINRA member firm and the AWC has been filed within two years after the effective date of his last termination of registration from a FINRA member.

## **FACTS AND VIOLATIVE CONDUCT**

### *Summary*

In 2009 and 2010, Hampton paid approximately \$523,622 to the Chief Financial Officer and Deputy Treasurer (the “CFO/DT”) in the Office of the Treasurer of the State of Ohio, and two other persons, in exchange for state brokerage business that the CFO/DT directed to Hampton. In August 2013, Hampton plead guilty to felony conspiracy to defraud the United States in the U.S. District Court for the Southern District of Ohio (Case No. 2:13-cr-180).<sup>1</sup> Hampton received over \$3.2 million in commissions as a result of executing 360 securities trades on behalf of accounts belonging to the Office of the Treasurer of the State of Ohio.

### *Facts*

The Office of the Treasurer of the State of Ohio appointed the CFO in 2008, and in addition to his duties as CFO, he was appointed Deputy Treasurer in February 2009. Hampton and the CFO/DT attended high school together. Beginning in 1996, Hampton served as a financial advisor to the CFO/DT and his spouse, who maintained accounts with Hampton at Hampton Capital Management, which Hampton operated.

The Treasurer of the State of Ohio is the state’s cash manager and chief investment officer and is charged with collecting and managing public money. The Office of the Treasurer of the State of Ohio has an Investments Department with the responsibility to actively manage the state’s multi-billion dollar investment portfolios. The Investments Department develops strategies designed to maintain target levels of safety, return, and liquidity consistent with the Treasurer’s Investment Policy.

In June 2009, Hampton submitted a “Request for Information for Broker/Dealer Services” to the Office of the Treasurer of the State of Ohio, where it was reviewed and approved by a selection committee headed by the CFO/DT. On or about October 2, 2009, Hampton conducted his first trade as an authorized broker on behalf of the State. In exchange for additional securities business, Hampton agreed to pay the CFO/DT and two other persons who conspired with them, from commission proceeds that he received from trading securities for the State of Ohio. From December 2009 to August 2010, Hampton paid, via wire transfer or personal check, a total of \$523,622 to the CFO/DT and the other two conspirators or to entities that they controlled.

By engaging in the foregoing misconduct, Hampton directly or indirectly, by use of means or instrumentalities of interstate commerce, intentionally or recklessly (i) employed a device, scheme or artifice to defraud, or (ii) made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (iii) engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit in connection with the

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<sup>1</sup> The other persons involved in the conspiracy were indicted in the same court on August 15, 2013 (Case No. 2:13-cr-0183) on the same conspiracy charge as Hampton as well as bribery and wire fraud, among other charges. They each entered guilty pleas in 2013.

purchase or sale of a security, in willful violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, and in violation of FINRA Rules 2020 and 2010.

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

- A bar in all capacities from associating with any FINRA member.

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).

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws this makes me subject to a statutory disqualification with respect to association with a member.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

## 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 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.

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:

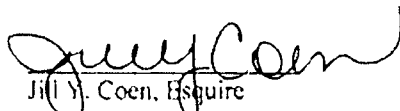
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 response to public inquiries about my 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. 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.

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 to submit it.

6/30/14  
Date

D - E. Hampton  
Douglas Eric Hampton

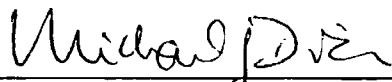
Reviewed by:

  
Jill Y. Coen, Esquire  
Ulmer Berne LLP  
Skylight Office Tower  
1660 West 2nd Street  
Suite 1100  
Cleveland, OH 44113  
Tel.: 216-583-7442  
Fax: 216-583-7443  
[jcoen@ulmer.com](mailto:jcoen@ulmer.com)  
*Counsel for Douglas E. Hampton*

Accepted by FINRA:

July 10, 2014  
Date

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

  
\_\_\_\_\_  
Michael J. Dixon  
Senior Counsel  
FINRA  
Department of Enforcement  
15200 Omega Drive  
Rockville, MD 20850  
Tel 301-258-8522  
Fax 202-303-3980