FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT, Complainant, v. WINSTON WADE TURNER (CRD 5965386), Respondent.	DISCIPLINARY PROCEEDING No. 2013038398401 Hearing Officer —

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. From late 2012 through July 2015, while registered with MetLife Securities and Pruco Securities, Respondent Winston Wade Turner engaged in a course of deception and other misconduct in connection with sales and exchanges of variable annuities involving numerous customers. Among other things, Turner induced customers to exchange their existing variable annuities and other investments (sometimes incurring large surrender charges) while hiding from his firm the true source of the customers' funds, thereby circumventing the additional supervisory scrutiny applicable to annuity exchanges. He did so in part by splitting the exchanges into separate sales and purchases and, in most instances, interposing the customer's bank account. Turner misrepresented the source of the customer's funds and falsely denied in transaction documentation that the customers had previously held variable annuities or other investments, even though he knew that they were in fact surrendering or liquidating such investments to fund the new variable annuities he was recommending and selling to them.

2. Turner also used forged customer signatures on variable annuity application materials, lied to his firm's principals, and put his own email addresses as the email addresses of certain customers on variable annuity documentation to ensure that account notifications would be sent to him instead of the customers.

3. In addition to deceiving his firms and circumventing their supervision and documentation requirements, Turner deceived at least three customers by telling them that their annuities would earn a "guaranteed" minimum annual interest when, in fact, the annuities guaranteed only minimum withdrawal or annuitization rates. In one case he paid the customer her expected returns out of his own pocket while disguising the payments to appear as if they were coming from the variable annuity issuer.

4. In addition to the foregoing, Turner participated in undisclosed and unapproved private securities transactions and engaged in outside business activities that he failed to disclose to his firm, failed to disclose accurately, and failed to disclose on a timely basis.

5. Finally, Turner refused to produce significant categories of information requested pursuant to Rule 8210 and failed – without any prior notice or subsequent explanation – to appear for his scheduled testimony on a mutually-agreed-upon date set after FINRA staff had accommodated Turner's postponement requests on three separate occasions.

6. By virtue of the foregoing, Turner willfully violated Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 thereunder, and violated NASD Rule 3040 and FINRA Rules 2010, 2020, 3270, 4511, and 8210.

RESPONDENT AND JURISDICTION

7. Turner entered the securities industry in August 2011 when he joined MetLife Securities Inc. He left that firm in July 2013, and joined Pruco Securities, LLC on July 10, 2013. He remained with Pruco Securities until he was terminated on August 26, 2015 for making an unsuitable recommendation and providing inaccurate information to his firm regarding the transaction. Turner has held investment company/variable products and state agent registrations.

8. Turner worked out of his home in Flowery Branch, Georgia in 2013 and for the first few months of 2014. In mid-April 2014, he moved to the Sarasota, Florida area, where he lived and worked until August 2015.

9. Although Respondent is no longer registered or associated with a FINRA member, he remains subject to FINRA's jurisdiction for purposes of this proceeding pursuant to Article V, Section 4 of FINRA's By-Laws because (1) the Complaint was filed within two years after the August 26, 2015 effective date of the termination of his registration with Pruco Securities, LLC and (2) the Complaint charges him with misconduct committed while he was registered with a FINRA member and with failing to provide information and failing to appear for on-the-record testimony during the two-year period after the date upon which he ceased to be registered with a FINRA member.

TURNER'S VIOLATIVE CONDUCT IN THE SALE OF VARIABLE ANNUITIES

10. Turner knew that annuity exchanges – transactions in which the customers were surrendering existing annuities in order to fund the purchase of new variable annuities that Turner was recommending and selling – were subject to additional supervisory scrutiny and documentation requirements. This additional scrutiny was imposed, among other reasons,

because of the relatively high commissions and other costs involved, the likelihood that the customer might incur surrender fees and/or forfeit accrued interest or other benefits on the existing annuity, and the relative complexity of comparing the customer's overall costs and benefits between the old and new products.

11. Turner deliberately circumvented this additional supervisory scrutiny and documentation through a pattern of deception that concealed from his firm that he was inducing many of his customers to surrender existing variable annuities – or in some cases to liquidate other investments – in order to fund their purchases of new variable annuities he was recommending and selling to them.

12. One way Turner did this was by recommending that customers deposit the proceeds received from the surrender of their existing variable annuities (or the liquidation of some other investments) into their bank accounts before forwarding those proceeds from the bank accounts to Prudential in order to fund their new variable annuities. As discussed below, in many cases Turner also contemporaneously prepared and submitted to his firm documentation for the new variable annuities that concealed the true sources of the customer funds and affirmatively misrepresented that those customer funds did not come from the surrender of existing variable annuities.

13. As further discussed below, Turner also made misrepresentations and omissions of material fact to customers in connection with some of his variable annuity recommendations, and in some cases lied to firm supervisory and compliance personnel seeking additional information concerning these recommendations.

Customer C.P. [1]

14. MetLife customer C.P. had a 401(k) account with her former employer which was held at another broker-dealer. Because of her age and the circumstances surrounding the termination of her employment, she was permitted to withdraw funds from this 401(k) account without a tax penalty.

15. In November 2012, Turner induced C.P. to roll her 401(k) assets of approximately $108,000 into a MetLife variable annuity, assuring her that she would earn 4.5% per year on the annuity. In reality, the variable annuity had a 4.5% Guaranteed Minimum Income Benefit (GMIB), which provided for a 4.5% increase in the protected amount that can be annuitized but did not affect the actual market value of the investment held within the annuity or represent actual earnings. Turner and C.P. scheduled systematic monthly withdrawals (at a 4.5% annual rate) from the annuity account. As a result, C.P. thought she was withdrawing her "guaranteed" earnings of 4.5% per year; in reality, she was diminishing the value of her annuity by that amount.

16. When C.P. asked Turner about potential tax consequences of the transaction he was recommending, Turner falsely assured her there would be none. He told her that she could continue to withdraw the money she needed, but did not tell her that, by removing her assets from her 401(k) account to fund the annuity, she would lose the ability to withdraw funds without paying a 10% tax penalty on her withdrawals.

17. Turner knew that C.P.'s variable annuity was not certain to earn 4.5% per year and knew, or was reckless in not ascertaining, that there could be significant tax consequences to

[1] Enforcement will identify the customers designated by initials in a subsequent filing.

moving her investment out of her 401(k) plan and into a MetLife variable annuity and engaging in the intended systematic withdrawals.

Customer T.M.

18. T.M. held approximately $339,000 in a specialized account offered by MetLife called a Total Control Account. These accounts were available for assets awarded to a beneficiary pursuant to a death benefit payout on a life insurance policy, and were paying 3% simple interest.

19. In May 2013, Turner induced T.M. to transfer funds from the Total Control Account into a MetLife variable annuity, telling her it would pay 4%. In reality, as with C.P., the 4% was actually a GMIB, not a straight return on her investment.

20. Turner knew that the MetLife variable annuity he sold to T.M. was not certain to generate earnings of 4%.

Customer R.L.

21. In late July 2013, R.L. withdrew $100,000 from a MetLife fixed annuity which he had previously purchased through Turner, paying a withdrawal charge of more than $7,900 and receiving proceeds of $92,079.47.

22. On August 1, 2013, R.L. purchased a Prudential variable annuity from Turner for $92,079.47.

23. Turner submitted a variable annuity application for this transaction which falsely indicated in the "Replacement Information" section of the annuity application that R.L. did not have any existing annuities and that the new annuity was not replacing an existing annuity.

24. Turner submitted a Pruco Securities customer information form for this variable annuity purchase which falsely indicated that the funds were not previously invested in an

annuity or insurance policy, but rather had come from "CDs/liquid assets/savings" and "money market funds/account."

25. The customer information form also indicated that R.L. intended to contribute an additional $300,000 into his new Prudential annuity. Turner indicated that those funds would also be coming from "CDs/liquid assets/savings" and "money market funds/account," and again misrepresented that these funds were not previously invested in an annuity or insurance policy.

26. Within a few weeks of Turner's misrepresentations, in mid-August 2013, R.L. surrendered the remaining portion of his MetLife fixed annuity – forfeiting approximately $12,000 in accrued interest – and received proceeds of $242,404.81 by wire transfer into his bank account on August 26, 2013.

27. Two days later, on August 28, 2013, R.L. funded his additional variable annuity investment by writing a check to Prudential for $242,404 drawn on the personal bank account into which the surrender proceeds set forth in the preceding paragraph were deposited.

28. Turner also provided one of his own personal email addresses as the customer's email address on the documentation for R.L.'s August 2013 Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to R.L.

Customer M.G.

29. In October 2013 and February 2014, M.G. purchased a Prudential variable annuity through Turner.

30. Turner provided one of his own personal email addresses as the customer's email address on the documentation for M.G.'s October 2013 Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to M.G.

Customer R.G.

31. In October 2013, Turner submitted an application for a Prudential variable annuity for R.G.

32. Turner provided one of his own personal email addresses as the customer's email address on the documentation for R.G.'s Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to R.G.

Customer R.H.

33. On or about November 14, 2013, Turner filled out and submitted a Prudential variable annuity application for R.H. in which Turner falsely represented that R.H. did not have any existing annuities, that the Prudential annuity Turner was recommending and selling to him was not replacing an existing annuity, and that none of the funds to be used to purchase the variable annuity were previously invested in an annuity. In reality, as Turner knew, R.H. owned a MetLife variable annuity he had purchased through Turner a few months earlier – in or about June 2013.

34. In late December 2013, at Turner's suggestion, R.H. surrendered his MetLife variable annuity, paying a surrender charge of more than $23,000 and receiving proceeds of $292,864.64. The proceeds were wired into his personal bank account on December 26, 2013.

35. On December 31, 2013, R.H. funded the purchase of the new Prudential variable annuity sold to him by Turner by writing a $292,864.64 check drawn on the personal bank account into which the surrender proceeds set forth in the preceding paragraph were deposited.

36. As part of its supervision of variable annuity transactions, Pruco Securities requires registered representatives to disclose the source of funds for a variable annuity purchase, and

follows up specifically to ascertain whether the transaction involves an exchange. As previously noted, exchange transactions are subject to additional supervisory procedures, including the completion of product-feature-comparison forms and follow-up telephone calls to the customers by the firm's Central Transaction Review (CTR) unit.

37. Turner lied during a recorded telephone call to Pruco Securities' CTR unit. The day after R.H.'s application was electronically signed on November 14, 2013, Turner telephoned the CTR desk to ask whether the contract was "good to go." The CTR representative asked about the source of funds for the contract, and Turner falsely replied: "It's a retirement account that's been liquefied." In reality, as Turner knew, the Prudential variable annuity contract was being funded through the surrender of the customer's existing MetLife variable annuity.

Customer D.L.

38. In mid-December 2013, Turner induced D.L. to purchase a Prudential variable annuity funded by the surrender of a MetLife variable annuity valued at more than $358,000 which she had purchased through Turner in June 2013.

39. On or about December 16, 2013, Turner submitted a Prudential variable annuity application for D.L.'s purchase. Despite knowing that the customer would be surrendering an existing variable annuity that Turner had sold to her only six months earlier, Turner did not designate the transaction as an exchange on the annuity application, but instead indicated in the "Replacement Information" section of the application that D.L. did not have any existing annuities and that the annuity was not replacing an existing annuity.

40. Turner also submitted to Pruco Securities an annuity purchase customer information form on or about December 16, 2013 which falsely indicated that the funds were coming from

D.L.'s CDs/liquid assets/savings, and falsely representing that the funds were not previously invested in an annuity.

41. In addition, updates to D.L.'s Pruco Securities customer confidential questionnaire submitted by Turner in October and December of 2013 did not include D.L.'s MetLife variable annuity as one of her assets.

42. Turner also lied about the source of funding for D.L's Prudential contract on a recorded telephone call with Prudential's Annuities Center. On December 20, 2013, four days after Turner submitted D.L.'s Prudential variable annuity application, the Annuity Center at Prudential telephoned Turner to ask when it could expect to receive the check to fund the contract. Turner replied that the funds would be available in about ten days and that they would be coming from a real estate closing that would occur "this week."

43. In late January 2014, D.L. surrendered the MetLife variable annuity she had purchased through Turner in June 2013, paying a surrender charge of more than $27,000 and receiving proceeds of slightly more than $331,000. The proceeds were deposited in to D.L.'s personal bank account.

44. On or about February 7, 2014, D.L. funded the variable annuity with a $325,000 check drawn on the personal bank account into which the surrender proceeds set forth in the preceding paragraph were deposited, contrary to Turner's representation that the funds would be coming from a real estate closing.

45. Turner provided one of his own personal email addresses as the customer's email address on the documentation for D.L.'s Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to D.G.

Customer J.C.

46. In or about February 2014, Turner induced J.C. to purchase a Prudential variable annuity using funds from an equity-indexed annuity he had previously purchased through Turner for $353,000 on October 31, 2013, which in turn had been purchased with proceeds received from his surrender of a variable annuity he had purchased from Turner in March 2012.

47. On or about February 19, 2014, Turner completed and submitted to Prudential a questionnaire in which he falsely represented that J.C. was funding his new variable annuity with the proceeds from the sale of common stock purportedly held in his pension plan. Despite knowing about the equity-indexed annuity he had sold to the customer just a few months earlier, Turner did not identify this or any other annuity in the part of the questionnaire asking about J.C.'s holdings.

48. Turner also submitted a variable annuity application to Prudential on or about March 12, 2014 which falsely answered "no" to the question of whether the purchased product would replace an existing annuity or insurance product, and he completed and submitted a Pruco Securities customer information form which falsely answered "no" to the questions of whether J.C. had any existing deferred annuities and whether any of the funds used were previously invested in an annuity.

49. On March 13, 2014, the day after Turner submitted J.C.'s Prudential variable annuity application, Turner spoke with the CTR unit and falsely reaffirmed that the source of funds was J.C.'s pension plan, when, in fact, the rollover of that pension plan had actually occurred two years earlier to fund a separate MetLife variable annuity. Turner also falsely told the CTR principal that this was J.C.'s first annuity and that the source of funds was not any other annuity.

50. In April 2014, J.C. surrendered the equity-indexed annuity he had purchased in October 2013, paying a surrender charge of more than $40,000, and used most of the proceeds (more than $226,000) to fund the new Prudential variable annuity that Turner was recommending and selling to him.

51. Turner provided one of his own personal email addresses as the customer's email address on the documentation for J.C.'s Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to J.C.

Customer L.S.

52. In February 2014, L.S. surrendered a MetLife variable annuity she had purchased through Turner in April 2013, paying a surrender charge of almost $41,000. On February 10, 2014, she signed a surrender request form prepared by Turner which represented that she was withdrawing the money to build a pool and pool house, and which instructed MetLife not to contact her about the surrender. She received proceeds of almost $530,000 by wire transfer on February 18, 2014.

53. On or about February 12, 2014, Turner submitted a Prudential variable annuity application for L.S. which falsely indicated in the "Replacement Information" section that L.S. did not have any existing annuities and that the annuity was not replacing an existing annuity. Turner also submitted a customer information form to Pruco Securities dated February 12, 2014 which falsely indicated, twice, that L.S. had no existing annuities, and falsely represented that the funds for the variable annuity were coming from CDs/liquid assets/savings, not a rollover, and had not previously been invested in an annuity or life insurance.

54. On February 20, 2014, two days after receiving the proceeds from the surrender of her MetLife variable annuity, L.S. invested $339,337 in the Prudential variable annuity recommended and sold to her by Turner.

55. Turner lied to Pruco Securities when it inquired about the source of the funds during a recorded call from the CTR unit on February 14, 2014. He told the CTR principal that the funds for the variable annuity purchase were coming from the customer's savings account. He did not disclose that the funds would actually be coming from another annuity.

Customer C.R.

56. As of November 2014, C.R. held funds in certificates of deposit, a savings account, and a life insurance policy.

57. C.R. told Turner that, due to health concerns, she needed to generate approximately $300 per month in income so that she could reduce the number of hours that she worked.

58. Turner induced C.R. to purchase three Prudential variable annuities, at a total cost of approximately $42,000, in November 2014 and February 2015 by promising her that she would earn at least 5% interest on her investment in the annuities and that the value of her contracts would possibly double in about two years.

59. The Prudential variable annuities did not guarantee a 5% yield. They included a Guaranteed Minimum Withdrawal Benefit which allowed C.R. to *withdraw* up to 5% per year.

60. Turner knew that the Prudential variable annuities he sold to C.R. were not certain to generate earnings of 5%.

61. Turner told C.R. that she would begin to receive monthly payments in March 2015. When she did not receive her expected payments, C.R. called Prudential and sent text messages to Turner in April 2015 inquiring about why she had not received her money.

62. On May 4, 2015, Turner personally delivered two cashier's checks, each in the amount of $268.19, to C.R. at her home. He used his own funds for these checks but had the bank identify Prudential as the remitter on the checks and told C.R. that the cashier's checks were her income payments for the months of April and May from Prudential.

63. This recurred the following month. On June 8, 2015, C.R. notified Turner that her monthly income for June had not yet been deposited into her checking account. After additional communication between C.R. and Turner, C.R. received a cashier's check on June 25, 2015, but the payee's name was incorrect.

64. On July 1, 2015 Turner delivered another cashier's check in the amount of $276.19, representing her expected income for the month of June.

65. Turner provided one of his own personal email addresses as the customer's email address on the documentation for C.R.'s February 2015 Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to C.R.

Customer J.J.

66. In or about November 2014, Turner completed a Prudential variable annuity application for a proposed sale to J.J., an 84-year-old woman who was suffering from diminished mental capacity.

67. On November 18, 2014, the CTR unit called J.J. to discuss the purchase with her.

68. Prior to the call, Turner arranged for the CTR unit to call J.J. at a certain time because he claimed that she needed someone there to help her hear. Turner told the CTR principal that "someone named Kim" would be there to assist J.J. during the call. The principal asked if Kim was a family member or a friend, and Turner said "I think she's just a personal friend."

69. In reality, Kim was Turner's former marketing assistant (who was still periodically assisting him).

70. When the CTR principal called J.J., J.J. had Kim get on the telephone. Kim did not identify herself to CTR as being affiliated with Turner, and instead falsely "confirmed" that she was there as a friend of J.J., to assist if needed.

Customer L.B.

71. At various times during 2014, Turner submitted at least six insurance applications and investment redemption requests to Pruco Securities for L.B. containing forged signatures.

72. L.B. had not authorized Turner to sign any documents for her.

73. Turner provided one of his own personal email addresses as the customer's email address on the documentation for L.B.'s Prudential variable annuity purchase, thereby ensuring that account notifications would be delivered to himself rather than to L.B.

FIRST CAUSE OF ACTION

Falsification of Information Relating to Variable Annuity Transactions

(FINRA Rule 2010)

74. The Department realleges and incorporates by reference paragraphs 1 through 73 above.

75. Turner circumvented Pruco Securities' supervisory review process by misrepresenting the source of funds in variable annuity application materials in connection with the exchanges by customers R.L., R.H., D.L., J.C., and L.S.

76. Turner further circumvented Pruco Securities' supervisory review process by lying to the CTR and Annuities Center staff about the source of funds for the variable annuity purchases by R.H., D.L., J.C., and L.S. and about the relationship between J.J. and his former marketing assistant.

77. Turner engaged in deceptive conduct by misrepresenting his personal email addresses as the email address of his customers R.L., M.G., D.L, J.C., R.G., and C.R.

78. Turner engaged in deceptive conduct by submitting documents bearing forged signatures of customer L.B.

79. Turner engaged in deceptive conduct by making payments to customer J.J. from his own funds while creating the false appearance that the funds were coming from Prudential.

80. Turner failed to observe high standards of commercial honor and just and equitable principles of trade by engaging in the foregoing conduct, and thereby violated FINRA Rule 2010.

SECOND CAUSE OF ACTION
Falsification of Books and Records
(FINRA Rules 4511 & 2010)

81. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 80 above.

82. By submitting the falsified variable annuity applications, questionnaires, customer information forms, and related documents for the exchanges by customers R.L., R.H., D.L., J.C., and L.S. alleged under the First Cause of Action; by submitting documents with forged signatures of customer L.B.; and by misrepresenting his own email address as that of customers R.L., M.G., D.L., J.C., R.G., C.R., and L.B., Turner falsified Pruco Securities' books and records in violation of FINRA Rule 4511. By violating FINRA Rule 4511, Turner also violated FINRA Rule 2010.

THIRD CAUSE OF ACTION

False Representations and Omissions Regarding Variable Annuity Investments

(Section 10(b) of the Securities Exchange Act of 1934, Rule 10b-5 Thereunder, and FINRA Rules 2020 and 2010)

83. The Department realleges and incorporates by reference paragraphs 1 through 82 above.

84. Turner induced customers C.P., T.M., and C.R. to purchase securities by intentionally or recklessly making material misstatements and omissions regarding the earnings to be generated by their variable annuities, and as to the tax impact of the transaction involving customer C.P.

85. By engaging in this conduct, Turner, by the use of the means or instrumentality of interstate commerce, or the mails, (1) employed a device, scheme, or artifice to defraud, (2) made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (3) engaged in acts, practices, or courses of business which operated as a fraud or deceit, in connection with the purchase or sale of the variable annuities, thereby willfully violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

86. In addition, by virtue of the conduct set forth above, Turner induced customers to purchase securities by means of deceptive or fraudulent devices or contrivances, thereby violating FINRA Rule 2020.

87. By violating the provisions set forth in the two preceding paragraphs, Turner also violated FINRA Rule 2010.

FOURTH CAUSE OF ACTION

Inadequate and Untimely Disclosures of Outside Business Activities

(FINRA Rules 3270 and 2010)

88. The Department realleges and incorporates by reference paragraphs 1 through 87 above.

89. FINRA Rule 3270 prohibits a registered person from being an employee, independent contractor, sole proprietor, officer, director or partner of another entity or person, or being compensated, or expecting to be compensated, as a result of any outside business activity without providing prior written notice to the member firm with which the person is registered.

90. On or about September 9, 2013, Turner organized an entity called H&S Securities, LLC as a Georgia Limited Liability Company.

91. On November 22, 2013, Turner disclosed a supposed affiliation with "H&S LLC," which he described as rental property co-ownership to which he devoted one hour per week, on an amendment to his Form U4. He claimed to have become associated with that entity on October 6, 2013.

92. Turner's disclosure was inaccurate in two respects. First, the name was materially inaccurate. By excluding the word "Securities" from the name of the entity, Turner misled Pruco Securities as to the potential nature of the business. Second, Turner did not state whether or not

the business was investment-related, although the Form U4 calls for that information. Moreover, as described below, at least one of his customers (L.B.) invested in or through H&S Securities, rendering this omission highly significant.

93. Turner's disclosure relating to "H&S LLC" was also untimely, being made two and one-half months after, and not before, he formed the outside business entity.

94. Turner held or obtained appointments as an agent with ten insurance companies which were unrelated to Prudential Insurance when he was registered with Pruco Securities.

95. Pruco's policies and procedures relating to outside business activities specifically required registered representatives to disclose appointments to outside insurance companies.

96. Turner received more than $130,000 in commissions from two of these undisclosed outside insurance relationships while he was registered with Pruco Securities during 2013.

97. Turner failed to disclose nine of these ten appointments to Pruco Securities.

98. Turner violated FINRA Rule 3270 by failing to disclose or provide accurate and timely disclosure of his outside business activities. By violating FINRA Rule 3270, Turner also violated FINRA Rule 2010.

FIFTH CAUSE OF ACTION

Private Securities Transactions

(NASD Rule 3040 and FINRA Rule 2010)

99. The Department realleges and incorporates by reference paragraphs 1 through 98 above.

100. NASD Rule 3040 (in effect at the time of the conduct at issue) required an associated person to provide written notice to the member with which the person was associated

prior to participating in any private securities transaction, describing in detail the proposed transaction and the person's proposed role therein and stating whether the person has received or may receive selling compensation in connection with the transaction.

101. Turner induced at least one customer, L.B., to invest $64,040 in H&S Securities. On September 23, 2013, L.B. wrote a $15,000 check to H&S Securities at Turner's direction. She also wrote a $29,040 check to H&S Securities on October 24, 2013, and a $20,000 check on December 8, 2014.

102. Both L.B. and Turner considered this to be an investment in or with H&S Securities.

103. Turner made payments from the H&S Securities bank account to his wife and to his former marketing assistant.

104. Turner did not provide notice to or seek authorization from Pruco Securities prior to entering into these private securities transactions with L.B.

105. Turner violated NASD Rule 3040 by failing to disclose or obtain authorization to engage in these private securities transactions. By violating NASD Rule 3040, Turner also violated FINRA Rule 2010.

SIXTH CAUSE OF ACTION

Failure to Testify

(FINRA Rules 8210 and 2010)

106. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 105 above.

107. Enforcement initially sought to take Turner's testimony on September 29, 2015 by sending him a Rule 8210 letter through counsel on August 3, 2015.

108. At Turner's request, the staff agreed to conduct the testimony in Orlando on December 1 and 2, 2015. On November 4, 2015, Enforcement staff sent Turner's counsel a letter pursuant to Rule 8210 requiring Turner to appear for testimony pursuant to that agreement. The letter was sent to counsel by first class mail and email.

109. On November 25, Turner's counsel told the staff that Turner would not be able to testify as scheduled because of medical reasons, and forwarded an "excuse slip" from Turner's doctor asking that he be excused from "work" due to injury until December 3. The staff acknowledged that Turner would not be appearing for testimony, but told counsel that Enforcement would not agree to any adjournment until an agreement was reached on new dates for the testimony.

110. Turner (through counsel) and Enforcement then agreed to hold Turner's testimony in Atlanta on January 12 and 13, and the staff sent counsel a Rule 8210 scheduling letter by first class mail and email on December 8, 2015, scheduling the testimony for those January dates.

111. On January 5, 2016 Turner notified Enforcement that he was no longer being represented by the attorney with whom the staff had communicated and provided contact information for a new counsel.

112. Enforcement communicated with the office of Turner's new attorney on January 7, 2016, and agreed to postpone the testimony for a final time until 9:30 a.m. on January 28 and 29, 2016. The staff sent a letter pursuant to Rule 8210 to Turner via his counsel by certified mail and email on January 7, 2016 setting the agreed-upon dates for testimony in Atlanta. The letter specifically noted that "Mr. Turner's OTR has been adjourned twice. No further adjournment requests will be considered."

113. On or about January 21, 2016, the certified mailing sent January 7, 2016 to Turner's counsel was returned to Enforcement with a notation indicating that there was no mail receptacle at counsel's office address. The staff called counsel's office, and an employee told the examiner that the office does not accept mail at the street address, and provided a post office box for mail delivery. The employee confirmed that the office had received the letter sent by email.

114. The staff sent an additional copy of the January 7, 2016 Rule 8210 letter to counsel by Federal Express on January 21. On January 26, the staff called counsel's office, and an employee confirmed that they received the testimony request letter.

115. The staff travelled to Atlanta as scheduled for the testimony. Turner and his counsel failed to appear. The staff called counsel's office at about 10:00 a.m. and spoke with an employee of his office, who agreed to try to contact counsel. Counsel never responded to Enforcement.

116. Turner violated FINRA Rule 8210 by failing to appear and testify. By violating FINRA Rule 8210, Turner also violated FINRA Rule 2010.

SEVENTH CAUSE OF ACTION

Failure to Provide Information

(FINRA Rules 8210 and 2010)

117. The Department of Enforcement realleges and incorporates by reference paragraphs 1 through 116 above.

118. On October 6, 2015, the staff served Turner, through counsel, with a Rule 8210 request requiring production by November 13, 2015. The request called for, among other things, information regarding all records he maintained relating to the sales of financial products or

investments (item 6). On November 4, 2015, his counsel asserted that he had no such records, and that all such records were maintained by MetLife or Prudential.

119. On October 28, 2015, the staff served Turner, through counsel, with a Rule 8210 request requiring production by November 13, 2015. The request called for, among other things, monthly statements for Turner's bank and investment accounts, including all accounts in which he has a beneficial interest, and specifically including accounts of H&S, H&S Securities, H&S LLC, or similarly-named entities, for the period June 1, 2013 to the present (item 15).

120. Turner produced statements for one bank account in the name of H&S Securities by letter dated November 23, 2015, but only covering the period July through September 2015. His lawyer asserted that Turner requested the remaining statements from the bank.

121. As of the date of the issuance of this complaint, no additional H&S Securities documents have been produced, and no personal bank account or investment account records have been produced.

122. In addition, item 17 of the October 28, 2015 request called for a detailed explanation for the checks drawn by L.B. payable to Turner's H&S entities, including a description of the investment opportunity discussed with L.B. Item 18 called for information regarding payments made to or on behalf of L.B. in 2015.

123. The November 23, 2015 response to these two items simply said "[L.B.] has been out of town and information will be provided on Wednesday." Two days later, Turner's counsel replied to these requests by sending a Demand Note Release which indicated that L.B. invested $49,000 with H&S Securities, a Georgia real estate investment company. Turner's counsel also provided a handwritten note signed by L.B. stating: "I [L.B.] didn't file a complaint against

Wade Turner with Prudtial They ask some questions about alternative investments they had nothing to do with Prudtial if there was a complaint filed if was aginst my knowalege and will." [sic]

124. Turner did not answer the questions posed by the staff in items 17 and 18.

125. On December 1, 2015, Enforcement sent Turner, through counsel, a second request pursuant to Rule 8210, requiring production of certain documents requested on October 28 and previously which had not been produced. This included the request for account statements (item 15) and the request for information regarding transactions with L.B. (items 17 and 18) discussed above. In addition, the staff made clear the request for records in the October 16 Rule 8210 request (item 6) included documents pertaining to H&S Securities LLC.

126. On December 9, 2015, Turner's counsel sent the staff a letter in which Turner refused to produce documents related to H&S Securities. Counsel wrote, in response to the request for bank statements applicable to H&S Securities (item 6), that "Mr. Turner has been advised by legal counsel to the other members that the information relating to H&S Securities, LLC is not to be released." He responded to item 15 (account statements for personal and other bank accounts) that he had no documents responsive to the request, without setting forth his efforts to obtain them, and then wrote: "upon advice of counsel (not the undersigned) [he] will not provide documents relating to H&S Securities, LLC. The counsel has also advised Mr. Turner that complying with the request is a violation of the Financial Privacy Act of 1978."

127. The responses to items 17 and 18 were also inadequate. Item 17 asked for a detailed explanation of the reason for checks written in 2013 and 2014 on L.B.'s account and payable to Turner's entities. The staff's December 1 letter specifically noted: "You provided no explanation and you did not describe the investment opportunity discussed with [L.B.] or explain

the reason for [L.B.]'s payments." Notwithstanding this, Turner (through counsel) merely stated "There were two checks written on [L.B.]'s checking account in 2013 and 2014 totaling $48,000."

128. Turner violated FINRA Rule 8210 by failing to provide all of the information called for by items 6, 15, 17, and 18 of the Rule 8210 requests. By violating FINRA Rule 8210, Turner also violated FINRA Rule 2010.

RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;

B. order that one or more of the sanctions provided under FINRA Rule 8310(a) be imposed, including that Respondent be required to disgorge fully any and all ill-gotten gains, together with interest;

C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and

D. make specific findings that Respondent willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

FINRA DEPARTMENT OF ENFORCEMENT

Date: February 25, 2016

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