

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038483201**

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

RE: Constance Marie Larsen, Respondent
Former Registered Representative
CRD No. 1171750

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Constance Marie Larsen was registered with Pruco Securities, LLC ("Pruco") from December 1998 until October 2013. She had been registered as an Investment Company Products/Variable Contracts Representative since July 1983 and as a General Securities Representative since December 1998. On September 6, 2013, Larsen resigned after Pruco learned that she had accepted loans from a customer without firm approval and that she had failed to disclose civil judgments to the firm and on her Form U4. Larsen is not currently associated with any FINRA member, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the FINRA By-Laws of the Corporation.

OVERVIEW

Larsen improperly borrowed \$16,900 over a period of four years from an elderly customer in violation of FINRA Rule 3240, FINRA Rule 2010, NASD Rule 2370, and NASD Rule 2110. To conceal the loans, Larsen lied to her firm's branch examiner and failed to disclose the loans during her firm's online annual compliance process, in violation of FINRA Rule 2010. Larsen also willfully failed to disclose four civil

judgments on her Form U4, in violation of Article V, Section 2(c) of the FINRA By-Laws of the Corporation, FINRA Rule 1122, and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Facts

Between August 14, 2008 and July 2, 2012, Larsen requested and accepted seven interest-free loans totaling \$16,900 from an elderly customer born in 1923. Pruco's policies prohibited her from accepting loans from non-family members. Larsen did not make regular payments on the loans until after the elderly customer complained to Pruco.

Larsen accepted the loans even though she knew that Pruco's policies prohibited her from borrowing from customers other than family members. Larsen also took affirmative steps to hide the loans from Pruco. She deliberately failed to disclose the loans during her firm's online annual compliance process. In addition, during a 2012 branch examination, Larsen falsely told a Pruco examiner that she had not borrowed or lent funds or securities from existing clients. As a result of Larsen's misrepresentation, the records created by the Pruco branch examiner contained false information.

Finally, between July 10, 2010, and her termination from Pruco on September 6, 2013, Larsen wilfully failed to disclose or timely disclose on her Form U4 four civil judgments totaling \$56,320.10. Larsen did not disclose the judgments on her Form U4 within thirty days of learning of them, but instead chose to wait until she had worked out a payment plan or otherwise viewed the matter as resolved. For example, Larsen did not disclose until February 21, 2013, a \$43,977.85 judgment entered against her by a mortgage lender on June 10, 2010. And she did not disclose until April 25, 2012, a \$7,322.75 judgment entered against her by a condominium association on January 30, 2012. Larsen was also aware of a \$465 judgment related to a medical expense and a \$4,544.50 judgment entered against her by a condominium association, but never took any steps to disclose them on her Form U4.

Violations

FINRA Rule 3240, and prior to June 14, 2010, NASD Rule 2370, prohibit registered persons from borrowing money from a customer unless their member firm has written procedures allowing the borrowing and certain conditions are met.¹ Except for certain loans between family members or from certain customers in the business of lending, the registered person must also receive pre-approval in writing of the lending arrangement from his or her member firm. As described above, Larsen borrowed \$16,900 from an elderly customer in seven separate transactions between August 14, 2008, and July 2, 2012, without notifying or receiving pre-approval from her member firm. In addition, her

¹ FINRA Rule 3240 is substantially identical to NASD Rule 2370 but makes certain clarifying amendments and imposes record retention requirements. See SEC Release No. 34-61302, Notice of Filing of Proposed Rule Change to Adopt FINRA Rule 3240, Jan. 6, 2010.

firm's written procedures prohibited the loans. Accordingly, Larsen violated FINRA Rules 3240 and 2010 and NASD Rules 2370 and 2110.¹

FINRA Rule 2010 requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade." The rule applies broadly to all business-related misconduct that reflects on an associated person's ability to comply with regulatory requirements necessary to the proper function of the securities industry and protection of the public. As described above, Larsen intentionally failed to disclose and falsely stated to her firm that she had not borrowed funds from clients. As a result of her misrepresentation, her member firm maintained false records. Therefore, Larsen violated FINRA Rule 2010.

Finally, Article V, Section 2(c) of the FINRA By-Laws of the Corporation require that Form U4s be kept current by making timely amendments no later than 30 days after learning of the facts or circumstances giving rise to the amendment. Question 14M on Form U4 requires registered persons to disclose unsatisfied judgments and liens. As described above, Larsen failed to disclose within 30 days four civil judgments. Larsen was aware of at least two of those judgments but decided not to disclose them until the matters were resolved. Accordingly, Larsen willfully violated Article V, Section 2(c) of the FINRA By-Laws of the Corporation, FINRA Rule 2010, and FINRA Rule 1122.²

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

- A two-year suspension from association with any FINRA member in any capacity; and,
- a fine in the amount of \$20,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the two-year suspension noted above, 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 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 omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission

¹ FINRA Rule 3240 replaced NASD Rule 2370 effective June 14, 2010. NASD Rule 2370 first became effective on November 10, 2003. FINRA Rule 2010 replaced NASD Rule 2110 effective December 15, 2008.

² FINRA Rule 1122 became effective on August 17, 2009, and FINRA Rule 2010 became effective on Dec. 15, 2008.

makes me subject to a statutory disqualification with respect to association with a member.

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.

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 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.
- 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.

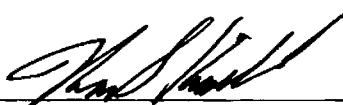
10 - 24 - 2014
Date (mm/dd/yyyy)

Constance Marie Larsen
Respondent Constance Marie Larsen

Accepted by FINRA:

11/10/14
Date

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



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