

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2013038661301**

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

RE: Charles Wayne Sherrod
Former Registered Representative
CRD No. 4145791

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

Charles Wayne Sherrod was registered as a general securities representative with three different member firms from April 2000 to October 2013. From January 1, 2012 to October 2013, he was registered with Raymond James Financial Services, Inc. ("RJFS"). On October 15, 2013, RJFS permitted Sherrod to resign after it concluded that he had engaged in an unapproved outside business activity.

OVERVIEW

Sherrod failed to provide prior written notice to his member firm of his outside business activity selling fancy colored diamonds, in violation of FINRA Rules 3270 and 2010

FACTS AND VIOLATIVE CONDUCT

Facts

In the winter of 2012, Sherrod received a telephone call from a company that sold fancy colored diamonds for investment purposes. After personally purchasing several

diamonds from the company, in early 2013 Sherrod entered into an arrangement with the company to sell fancy colored diamonds to his acquaintances in exchange for a ten percent commission.

Without disclosing the outside business activity to RJFS, Sherrod solicited two RJFS customers to purchase fancy colored diamonds for investment purposes. Sherrod successfully completed one of the two transactions. In February 2013, Sherrod solicited RJFS customer TJ to purchase fancy colored diamonds, and on February 26, 2013, TJ wired \$63,450 from his RJFS account to purchase the diamonds. On March 13, 2013, Sherrod received a \$6,345 commission check from the company for TJ's purchase.

RJFS's procedures required Sherrod to disclose all outside business activities in the firm's electronic system and receive approval prior to engaging in the activity. Sherrod failed to do so. On March 11, 2013—after his sale to TJ and his attempted sale to another RJFS customer—Sherrod first submitted an OBA disclosure form to RJFS requesting approval to sell fancy colored diamonds on commission.

Violations

FINRA Rule 3270 prohibits all persons associated with a member firm from being an employee or independent contractor, a sole proprietor, officer, director or partner of another person, or being compensated, or having the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she provides prior written notice in the form specified by the member. Sherrod solicited two firm customers to purchase fancy colored diamonds, completed a transaction for a purchase, and earned a \$6,345 commission from that transaction before he notified his member firm of his outside business activity. Accordingly, Sherrod violated FINRA Rule 3270. As a result of his violation of FINRA Rule 3270, Sherrod also violated FINRA Rule 2010.

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

- A suspension from associating with any FINRA member for thirty business days; and,
- A fine of \$2500, due and payable upon reassociation with a member firm.

The fine shall be due and payable either immediately upon reassociation with a member firm following the thirty business-day 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 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 to submit it.

6-20-14
Date (mm/dd/yyyy)

Charles Sherrod
Respondent Charles Sherrod

Accepted by FINRA:

7/28/14
Date

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



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