

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039815901**

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

RE: Derek Neal York, Respondent
Former Registered Representative
CRD No. 5798549

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

Derek Neal York entered the securities industry in June 2010. He was associated with Edward D. Jones & Co., L.P. from the time he entered the industry until March 2011. Subsequently, he was associated with MetLife Securities Inc. ("MetLife") from May 2011 through April 2012 and then with LPL Financial LLC ("LPL Financial") from March 2012 through October 2012. While associated with each firm he held Series 7 and Series 66 licenses. York has not been associated with a FINRA member firm since the termination of his registration by LPL Financial. However, FINRA retains jurisdiction over York pursuant to Article V, Section 4 of the FINRA By-Laws.

OVERVIEW

While associated with MetLife and LPL Financial, York participated in private securities transactions without providing prior written notice to his employer firms, in violation of NASD Rule 3040 and FINRA Rule 2010. In addition, while associated with each of his employer firms, York engaged in an outside business activity without providing prior written notice to his employer firms, in violation of NASD Rule 3030 and FINRA Rules 3270 and 2010.

FACTS AND VIOLATIVE CONDUCT

Private Securities Transactions

While registered with MetLife, York solicited three customers, MV, JG, and SM, to invest a total of \$410,000 in RE, a movie production company. Subsequently, while registered with LPL Financial, he solicited an additional customer, RW, to invest \$60,000 in RE. The investment agreements stated that the customers would receive their principal plus a 30 percent return when principal photography began work on a particular movie. York was paid a 5 percent referral fee, approximately \$14,250, for MV's and RW's investments and expected to, but did not, receive a 5 percent referral fee for JG's and SM's investments. In addition, York personally invested \$155,000 in RE and a company he owned invested an additional \$500,000. RE did not pay the investors as provided in the investment agreements. York did not disclose his participation in these investments to MetLife or LPL Financial.

NASD Rule 3040 provides that: "[n]o person associated with a member shall participate in any manner in a private securities transaction except in accordance with the requirements of this Rule." The rule further provides that, before participating in any such transaction, an associated person must provide written notice to his employer describing in detail the proposed transaction, his role in it, and whether he may receive compensation. If compensation is involved, additional details must be furnished to the firm, and if the firm approves the person's involvement, the firm must record the transaction on its books and supervise the activity.

By investing in RE, both personally and through a company he owned, and by soliciting four customers to invest in RE, York participated in private securities transactions and he failed to provide prior written notice of his participation in the transactions to MetLife and LPL Financial. Therefore, York violated NASD Rule 3040. By virtue of those violations, York also violated FINRA Rule 2010.

Outside Business Activity

York began operating a home maintenance and repair business beginning in 2009, which he continued to operate while being associated with each of his employer firms. York was the owner of the business and its sole employee. York did not disclose this outside business activity to Edward Jones, MetLife, or LPL Financial.

NASD Rule 3030 provided that: “[n]o person associated with a member in any registered capacity shall be employed by, or accept compensation from, any other person as a result of any business activity, other than a passive investment, outside the scope of his relationship with his employer firm, unless he has provided prompt written notice to the member.” FINRA Rule 3270, which superseded NASD Rule 3030 effective December 15, 2010, provides that: “[n]o registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have 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 has provided prior written notice to the member, in such form as specified by the member.”

By owning and operating the home maintenance and repair business without providing written notice to his employer firms, York violated NASD Rule 3030 (for conduct prior to December 15, 2010) and FINRA Rule 3270 (for conduct on or after December 15, 2010). By virtue of these violations, York also violated FINRA Rule 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).

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar 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 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.

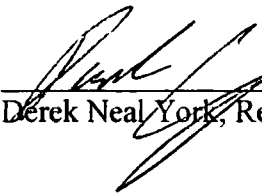
OTHER MATTERS

I understand that:

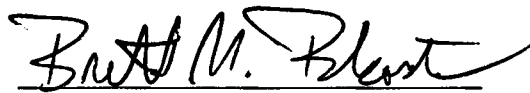
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

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.

08/15/2014
Date (mm/dd/yyyy)


Derek Neal York, Respondent

Reviewed by:

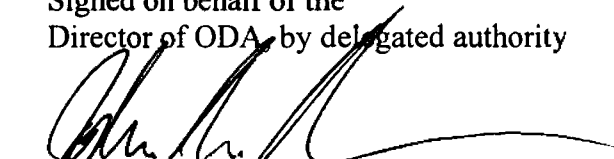

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Counsel for Respondent

Accepted by FINRA:

09/18/14
Date

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


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