

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040104501**

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

RE: Richard Edward Holliday, Respondent
General Securities Representative
CRD No. 2356026

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

Richard Edward Holliday ("Holliday") entered the securities industry in May 1993, when he became associated with a FINRA member firm. In July 1993, Holliday became registered as a general securities representative. In October 2009, Holliday was employed by FINRA Member Spire Securities, LLC ("Spire"), where he remained until September 2012. In October 2012, Holliday was employed by The Investment Center, Inc. ("The Investment Center"), where he remained until January 2014. Holliday is not currently associated with a FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

On or about April 9, 2014, the Securities Commission of South Carolina filed an Administrative Proceeding against Holliday alleging that the receipt of loans from three clients violated the South Carolina Uniform Securities Act of 2005. As a result of the Administrative Proceeding, Holliday was permanently barred from engaging in a securities business in the State of South Carolina, censured, and fined \$10,000. The South Carolina action involved the promissory notes discussed below.

OVERVIEW

Over a period of approximately three years, Holliday borrowed \$155,000 from five customers (two of which were husband and wife). Spire and The Investment Center, both FINRA member firms, prohibited borrowing from customers except under limited circumstances. Furthermore, when asked on firm compliance questionnaires from 2010 to 2013 whether he had borrowed funds from customers, Holliday falsely responded "No." In view of the foregoing,

Holliday violated NASD Conduct Rule 2370 (for conduct until June 14, 2010) and FINRA Rules 3240 (for conduct commencing on June 14, 2010) and 2010.

FACTS AND VIOLATIVE CONDUCT

Borrowing from Customers

On or about December 30, 2011, Holliday borrowed \$25,000 from D.R., N.R., and M.R., who were family friends and customers of Holliday at Spire and then at The Investment Center. On or about January 12, 2012, Holliday borrowed an additional \$25,000 from D.R. and N.R. Both loans were documented by promissory notes, but the notes did not have maturity dates. While Holliday made interest payments through at least November 2013, he has failed to repay the principal of either loan in spite of demands by D.R., N.R. and M.R.

On or about August 3, 2009, Holliday borrowed \$25,000 from J.K.P., also a family friend and a customer of Holliday at Spire and at The Investment Center. This loan was documented with a promissory note with a maturity date of November 7, 2009. However, the promissory note was not repaid by the maturity date and the loan was extended in August 2010, with a new maturity date of February 4, 2011.

On or about April 1, 2009, Holliday borrowed \$60,000 from C.M., again a family friend and a customer of Holliday at Spire and later at The Investment Center. The \$60,000 loan was owner financing of the purchase of a building by Holliday from C.M. The loan was memorialized by a promissory note providing for a 12 percent annual interest rate. On or about May 14, 2010, Holliday borrowed an additional \$20,000 from C.M. for renovations on the property. This loan was also documented with a promissory note, which required annual interest at a 12 percent rate.

C.M. later conveyed the property to Holliday so that Holliday could obtain a loan on the property from a local bank, which took a first mortgage on the property. This loan enabled Holliday to repay C.M. \$30,000. Thereafter, on October 3, 2011, C.M. agreed to consolidate the prior two loans into a single promissory note, and recorded a second mortgage on the property in the amount of \$50,000 (representing the remaining balance due from Holliday).

As of the date hereon, Holliday has not repaid the loans in full and did not disclose the loans to either Spire or The Investment Center. During the period in which Holliday accepted the foregoing loans, both Spire's and The Investment Center's written supervisory procedures generally prohibited their representatives from borrowing funds from customers.

NASD Conduct Rule 2370 (now known as FINRA Rule 3240) prohibits loans between representatives and customers unless certain conditions are met, the first of which requires that the employer firm have written procedures allowing the borrowing and lending of money between registered persons and customers. Both Spire and The Investment Center had procedures, which did not allow borrowing funds from customers as engaged in by Holliday.

By obtaining the above-referenced loans from customers, Holliday violated NASD Conduct Rule 2370 (for conduct until June 14, 2010) and FINRA Rules 3240 (for conduct commencing on June 14, 2010) and 2010.

False Attestations

From 2010 to 2012, Holliday completed Annual Compliance Questionnaires for Spire that included the following question: “[w]hile associated with the firm, have you solicited or accepted a loan from or made a loan to a client for any reason.” Holliday falsely answered “No.” Holliday’s answers on the Spire Annual Compliance Questionnaires were false in that he had received loans from C.M. and J.K.P. before completing the first two Annual Compliance Questionnaires and received loans from all five customers at the time he completed the last Annual Compliance Questionnaire.

In 2013, Holliday completed an Annual Compliance Questionnaire for The Investment Center that included the following questions: “[h]ave you accepted cash from customers?” and “[h]ave you borrowed from or loaned money to any customers?” Holliday falsely answered “No” to both questions. Holliday’s answers on The Investment Center’s Annual Compliance Questionnaire were false in that he had received cash and loans from customers prior to completing the Annual Compliance Questionnaire.

By providing false information in response on the Annual Compliance Questionnaires for Spire and The Investment Center, Holliday engaged in conduct that was inconsistent with high standards of commercial honor and just and equitable principles of trade, in violation of FINRA Rule 2010.

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

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

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 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 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.

Date

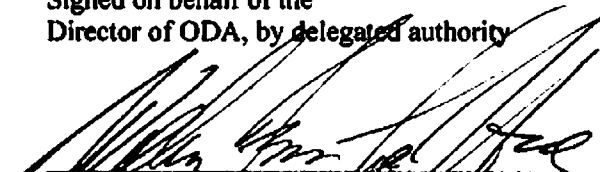
6/18/14


Richard Edward Holliday, Respondent

Accepted by FINRA:

6-19-2014
Date

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



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