

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040379101**

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

RE: Ronald Willard Vaught, Respondent
CRD No. 2605545

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

Respondent Ronald Willard Vaught ("Respondent" or "Vaught") first became registered with FINRA on May 8, 1995 as a Municipal Securities Representative (Series 52). On August 7, 1995, Vaught became licensed as a General Securities Representative (Series 7). On January 28, 2005, Vaught became registered with Raymond James Financial Services, Inc. ("Raymond James" or the "Firm"). The Firm terminated Vaught's registration on February 27, 2014.

Vaught is not currently registered with any FINRA member. FINRA retains jurisdiction over Vaught pursuant to Article V, Section 4(a) of the FINRA By-Laws because the conduct that serves as the basis for this action commenced prior to his termination of registration from a member firm and this AWC has been filed within two years after the effective date of Vaught's last termination of registration from a member firm.

OVERVIEW

Between December 24, 2013 and February 27, 2014, while registered with Raymond James, Vaught engaged in outside business activities by serving as the

trustee of the Fourth Amendment to the TM Living Trust Agreement (the "Trust"). TM was an elderly customer of Vaught, who passed away on December 24, 2013. Vaught failed to disclose this outside business activity to the Firm, thereby violating FINRA Rules 3270 and 2010.

Vaught also falsified or caused, to be falsified, the signature of customer TM and the signature date on a business-related form. Vaught violated Firm policy and FINRA Rule 2010 by falsifying or causing to be falsified TM's signature on a document without her authorization, and altering the signature date.

Finally, Vaught converted funds from the Trust by improperly making a distribution to his daughters from the Trust without first deducting prior monetary gifts as required by the Trust and by making distributions to himself that were not authorized by the Trust. Vaught violated FINRA Rules 2150(a) and 2010 by making these improper distributions.

FACTS AND VIOLATIVE CONDUCT

On December 20, 2013, while hospitalized with a terminal illness, Vaught's 81 year old customer TM told him that in October 2007, she named him as successor trustee of the Trust and named his three daughters as beneficiaries. At the time, TM was the trustee of the Trust. The Trust provided that any monetary gifts given to Vaught's three daughters by TM during her lifetime were to be deducted from the \$50,000 beneficiary distribution each daughter was to receive upon TM's death. On December 20, 2013, Vaught used TM's Raymond James debit card to pay his daughters' volleyball dues, totaling \$6,860.00. Vaught claimed that TM authorized him to make these payments as Christmas gifts to his daughters and he accepted these gifts from TM despite the Firm's prohibition on accepting gifts in excess of one hundred dollars per year.

On December 20, 2013, TM signed a Raymond James ACH Profile Setup Request form to authorize the transfer of funds from the Trust account at Raymond James (the "First ACH Form"). Following TM's death on December 24, 2013, Vaught failed to notify the Firm of TM's death as required by Firm policy and began collecting TM's mail, which was also in contravention of Firm policy.

On January 8, 2014, two weeks after TM's death, Vaught attempted to make an Automated Clearing House ("ACH") transfer of \$100,000 from the Trust's primary Raymond James account to the Trust's non-Firm checking account. The transfer was rejected because of an error in the checking account number listed on the First ACH Form. In response, Vaught created a second ACH Profile Setup Request form by handwriting the date (January 9, 2014) on the form, cutting and pasting the signature of customer TM—who was then deceased—on the form, and correcting the checking account number on the form (the "Second ACH Form"). The Second ACH Form was accepted and enabled Vaught to remove all funds

(more than \$660,000) from the Trust's primary Raymond James account and deposit them into the Trust's non-Firm checking account. On January 15, 2014, Vaught distributed \$150,000 from the Trust into a non-Firm brokerage account held by his wife, which Vaught claimed was opened by his wife for the benefit of their three daughters.

In January and February 2014, Vaught also made four payments totaling \$42,599.74 for his own benefit from the Trust. Nothing in the Trust authorized Vaught to distribute these Trust funds to himself.

1. Unapproved Outside Business Activities

FINRA Rule 3270 provides that no 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 registered representative's relationship with the member firm, unless prior written notice is provided to the member. FINRA Rule 2010 requires that "[a] member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade."

Vaught first learned of his role as successor trustee on December 20, 2013. At that time, Vaught failed to update TM's Raymond James Trustee Certification form to disclose the trust amendments and identify himself as the successor trustee and beneficiary. Upon TM's death on December 24, 2013, Vaught became trustee to the Trust. Vaught was aware that Raymond James policy required disclosure and written approval prior to engaging in any outside activity, and that Raymond James prohibited representatives from serving as trustee to a Firm customer. Despite this awareness, Vaught acted as trustee for the Trust without prior notice to, or authorization from, the Firm. Vaught disclosed his role as trustee only after being confronted by the Firm on February 26, 2014. By acting as trustee to a Firm customer without disclosure to Raymond James, Vaught violated FINRA Rules 3270 and 2010.

2. Falsification of a Business Document

Affixing the signature of another or altering a document is inconsistent with FINRA Rule 2010's obligation to observe high standards of commercial honor and just and equitable principals of trade. Vaught handwrote the signature date and falsified, or caused to be falsified, TM's signature on the Second ACH Form dated January 9, 2014. TM could not have signed and dated the Second ACH Form, or authorized Vaught to sign and date on her behalf, because she was deceased on January 9, 2014. Raymond James policy prohibits signing on behalf of a client or altering a document after it has already been signed by a client. Vaught violated Firm policy and FINRA Rule 2010 by falsifying or causing to be falsified the signature date and customer signature on the Second ACH Form.

3. Improper Use of Customer Funds

FINRA Rule 2150(a) provides that no member or person associated with a member shall make improper use of a customer's securities or funds. TM intended all monetary gifts given to Vaught's daughters during her lifetime to be deducted from the amount distributed to each daughter pursuant to the Trust. Vaught's January 15, 2014 \$150,000 distribution to his daughters failed to comport with TM's intended use of the funds because Vaught failed to deduct the volleyball dues payments made for the benefit to his daughters by TM on December 24, 2013. As such, Vaught improperly retained \$6,860 to which he was not entitled from the Trust funds. Vaught also made four payments totaling \$42,599.74 for his own benefit from the Trust funds. The Trust did not authorize these payments. By making these improper distributions to himself and his daughters, Vaught violated FINRA Rules 2150(a) and 2010.

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

A bar in all capacities from 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 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

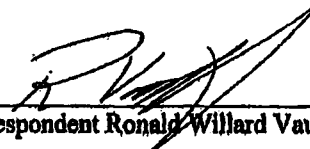
I understand that:

- 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.

8-19-2014
Date (mm/dd/yyyy)


Respondent Ronald Willard Vaught

Reviewed by:


A. Brian Phillips, Esq.
Counsel for Respondent
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Accepted by FINRA:

8/27/2014
Date

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


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