

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014040851701**

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

RE: Jodie L. Miller, Respondent
CRD No. 4772684

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

Jodie L. Miller ("Miller") first became registered with a FINRA member firm in 2004 as a Limited Representative—Investment Company and Variable Contracts Products. She was associated with two firms before registering with VALIC Financial Advisors, Inc. from May 2009 to September 2012 and with LPL Financial LLC from September 2012 until January 2013. Miller is not currently registered with a FINRA member, but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Miller has no disciplinary history.

OVERVIEW

During 2012, Miller participated in private sales of \$764,500 worth of Tri-Med Corporation ("Tri-Med") securities for which she earned commissions of approximately \$38,225. She did not notify VALIC or LPL of her participation, and did not obtain approval from either firm to participate, in the private security sales. She therefore violated NASD Rule 3040 and FINRA Rule 2010. The Tri-Med securities were not registered at the time Miller participated in their sale, nor was there any applicable exemption from registration. Thus, by selling the Tri-Med securities, Miller participated in an unregistered distribution of securities in contravention of Section 5 of the Securities Act of 1933 ("Securities Act") and in violation of FINRA Rule 2010. In addition, Miller recommended the Tri-Med securities to investors without having conducted adequate due diligence and without having a reasonable basis for believing that the securities were suitable for those investors. As a result, she violated NASD Rule 2310 and FINRA Rules 2111 and 2010.¹

FACTS AND VIOLATIVE CONDUCT

According to its sales literature, Tri-Med's business involved financing account receivables for personal injury claims. Tri-Med purchased from medical providers, at discounted rates, outstanding receivables relating to personal injury claims, with the expectation that insurers would pay the entire receivable once the claim was resolved through litigation or settlement. To fund its purchases, Tri-Med sold interest-bearing notes collateralized by Letters of Protection ("LOP").² The LOPs allegedly assured that the receivable would be repaid from any proceeds obtained as a result of the settlement or litigation.

Miller first learned of Tri-Med in late 2011 and around that time conducted some, but inadequate, due diligence on Tri-Med. Virtually all of the information she obtained came from Tri-Med itself.³ The information included a letter, purportedly from the issuer's counsel, stating that the Tri-Med notes were exempt from registration and, among other things, qualified for treatment under the safe harbor provisions of Regulation D and "Rule 507." This letter should have raised serious questions and concerns on Miller's part. There is no Rule 507 exemption under Regulation D, and never has been, which Miller, as a securities professional, should have known. Moreover, a cursory review of filings on the SEC website would have shown that Tri-Med had never filed a Form D, which is required for any private offering seeking to qualify under the safe harbor provisions of Regulation D. Miller, however, did not review the SEC's website.

In fact, the Tri-Med notes were unregistered and no exemption from registration applied. From January 16, 2012 through November 27, 2012, while registered with VALIC and LPL, she participated in 19 sales of unregistered Tri-Med notes in amounts ranging from \$10,000 to \$150,000. Those 19 transactions involved 14 investors and a total of \$764,500 in Tri-Med notes. Tri-Med paid Miller approximately \$38,225 in commissions for the sales. Miller did not tell VALIC or LPL of her involvement with Tri-Med, nor did she request approval from either of

¹ FINRA Rule 2111 became effective on July 9, 2012 and replaced NASD Rule 2310.

² All but two of the notes that Miller sold bore interest of 8% per year; the other two had rates of 6.5%.

³ Miller claimed to have reviewed one report from an independent source - the Better Business Bureau.

them to sell Tri-Med securities. Six VALIC customers purchased Tri-Med notes from Miller and at least one of those customers believed that he was purchasing a product that VALIC was recommending.

Miller did not have a reasonable basis for recommending the notes. As referenced above, Tri-Med's claim that its securities were exempt from registration was false and there were red flags that should have led Miller to question its claim. She did not conduct adequate due diligence of Tri-Med prior to selling Tri-Med notes. Moreover, for many of those to whom she recommended purchases of Tri-Med notes, Miller did not obtain, or maintain records reflecting, information about the customer's basic investment profile, such as age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, or other considerations. Thus, she did not have information necessary to make a determination that the Tri-Med notes were a suitable investment.

In March 2014, Florida's Office of Financial Regulation ("OFR") sued Tri-Med and five of its officers, alleging that they were selling unregistered securities and operating a Ponzi scheme. Among other things, medical providers from whom Tri-Med supposedly purchased claims stated that they had never done business with Tri-Med. OFR obtained a temporary restraining order against Tri-Med and the court has appointed a receiver to marshal the company's assets.

By participating in unregistered sales of Tri-Med notes, Miller contravened Section 5 of the Securities Act and therefore violated FINRA Rule 2010. Because she failed to notify, or obtain approval from, VALIC and LPL prior to participating in the Tri-Med note sales, Miller also violated NASD Rule 3040 and FINRA Rule 2010. In failing to conduct adequate due diligence on Tri-Med, and in failing to have a reasonable basis for recommending Tri-Med notes, Miller violated NASD Rule 2310 and FINRA Rules 2111 and 2010.

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

- A suspension from association with any FINRA member in any capacity for a period of 18 months;
- A fine of \$53,225, which includes disgorgement in the amount of \$38,225 and shall be due and payable either immediately upon reassociation with a member firm following the 18-month 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; and
- The \$38,225 in disgorgement will bear interest, at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from dates specified in Attachment A until the date of payment.

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.

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.

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 prejudice of the General Counsel, 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.

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

Jodie L. Miller
Jodie L. Miller

Reviewed by:

Robert Savage, Esq.
Savage, Combs & Villoch, PLLC
412 East Madison Street
Suite 1120
Tampa, FL 33602 Boca Raton, FL 33431

Accepted by FINRA:

11/12/14
Date

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

James E. Day
James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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SCHEDULE A

	Amount of Disgorgement	Interest Start Date
1	\$500	1/16/2012
2	\$600	2/21/2012
3	\$500	3/15/2012
4	\$500	4/2/2012
5	\$5,000	4/3/2012
6	\$500	4/10/2012
7	\$2,500	5/1/2012
8	\$5,000	5/9/2012
9	\$1,250	5/10/2012
10	\$7,500	5/29/2012
11	\$ 775	6/6/2012
12	\$1,750	7/9/2012
13	\$500	7/17/12
14	\$500	9/6/2012
15	\$1,000	9/29/2012
16	\$750	10/18/2012
17	\$2,000	10/26/2012
18	\$2,100	11/2/2012
19	\$5,000	11/27/2012
	\$38,225	