

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041887201**

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

RE: Barkley J. Lundy Jr., Respondent
CRD No. 2260127

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Barkley J. Lundy Jr., 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

Barkley J. Lundy Jr. ("Lundy" or "Respondent") first became registered with FINRA member PFS Investments Inc. ("PFS" or the "Firm") when Lundy received his Series 6 and 63 licenses in September 1992. Thereafter Lundy received his Series 26 license in April 1993 and continued to be associated with PFS until the Firm filed a Uniform Termination Notice for Securities Industry Registration (the "Form U-5") on August 19, 2014, reporting that on August 14, 2014 Lundy was terminated because "[i]nformation indicated that the agent may have mishandled customer funds". Lundy is not currently employed by a FINRA member.

Pursuant to Article V, Section 4 of FINRA's By-Laws, FINRA retains jurisdiction over Lundy until at least August 13, 2016.

RELEVANT DISCIPLINARY HISTORY

Lundy has no formal disciplinary history.

OVERVIEW

From at least January 2011 through March 2014, Lundy received funds from at least 20 Firm customers and deposited those funds into his personal bank accounts. Lundy transferred the funds into his personal bank accounts without the knowledge or consent of the Firm or customers. In addition, for at least three of those Firm customers, Lundy routinely transferred funds into his personal bank accounts and then back into the customers' bank accounts.

Lundy also provided at least one Firm customer with a fabricated tax document that he falsely represented was created and provided by the Firm.

Lundy violated FINRA Rule 2010 by comingling customer funds, providing at least one customer with a false document and making misrepresentations to at least one customer.

FACTS AND VIOLATIVE CONDUCT

From at least January 2011 through March 2014, Lundy received funds from at least 20 Firm customers and deposited those funds into his personal bank accounts. Lundy retained, in his office, a list of those customers along with a payment schedule in which the customers were to receive monthly payments varying in amounts between \$101 and \$4,258 from Lundy's personal bank accounts. Both the list and the payment schedule were unknown and unauthorized by the Firm. For at least three Firm customers, Lundy transferred funds from his personal account and then back into the customers' bank accounts and then further transferred funds into each of those customers' PFS accounts. Lundy then arranged for each of those customers to purchase additional shares of mutual funds held by the customers. Lundy represented to each of the customers that the fund movements were akin to 'dividend reinvestments' in their mutual funds.

In addition, at least one customer requested that Lundy provide him with the appropriate tax forms to account for the monthly payments described above and upon that request, Lundy provided the customer with a fabricated tax document bearing falsified information. Lundy misrepresented to the customer that the document was created and provided by the Firm. The document was neither created by nor provided by the Firm.

FINRA Conduct Rule 2010 provides that “[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade.”

By comingling customer funds, providing at least one customer with a false document and making misrepresentations to at least one customer, Lundy committed separate violations of FINRA Rule 2010.

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

A bar from associating with any FINRA member firm in any capacity.

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 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.

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.

08-29-14

Date

Barkley J. Lundy Jr.

Respondent

Barkley J. Lundy Jr.

Accepted by FINRA:

9.22.14

Date

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

R. R. Best

Richard R. Best

Chief Counsel

FINRA Department of Enforcement

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