

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

David William Huff
(CRD No. 4423458),

Respondent.

DISCIPLINARY PROCEEDING
NO. 2014042059701

HEARING OFFICER: ____

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. During the period from November 2011 through August 2012, David Huff (“Huff”) willfully failed to timely amend his Uniform Application for Securities Industry Registration or Transfer (“Form U4”) to disclose a Chapter 13 bankruptcy that he filed in a United States Bankruptcy Court on October 7, 2011. By engaging in such misconduct, Huff willfully acted in contravention of Article V, Section 2(c) of FINRA’s By-Laws and violated FINRA Rules 1122 and 2010. In addition, on October 18, 2011, Huff submitted a false attestation to his firm in violation of FINRA Rule 2010.

RESPONDENT AND JURISDICTION

2. From 2001 to the present, Huff obtained and held the following FINRA licenses:
Series 7 (General Securities Representative), Series 63 (State Agent), and Series 65 (Investment Advisor).
3. Huff has been registered with FINRA Member HD Vest Investment Securities, Inc. (“HD Vest”) from August 2001 through the present.
4. Huff is subject to FINRA’s jurisdiction because he is currently associated with and registered through a FINRA member.

FACTUAL BACKGROUND

5. The Department realleges and incorporates by reference paragraphs 1 through 4 above.

Huff Willfully Failed to Disclose a Chapter 13 Bankruptcy

6. On October 7, 2011, Huff filed a voluntary Chapter 13 bankruptcy petition (“Bankruptcy Petition”) in the United States Bankruptcy Court for the Eastern District of Louisiana (New Orleans) (Case No. 2:11bk13314).
7. Huff signed the Bankruptcy Petition, among other documents, and was aware of the filing.
8. When he filed the Bankruptcy Petition, Huff was registered with FINRA member HD Vest as a General Securities Representative, a State Agent, and an Investment Advisor.
9. Less than two week later, on October 18, 2011, Huff stated to his member firm in an HD Vest Advisor Affirmation: “I understand that any changes to my Form U4 information must be reported to FINRA via an update to my Form U4 within 30 days

of the event.” Huff, however, did not disclose the filing of the Bankruptcy Petition to HD Vest at this time.

10. Almost eight months later, in early June 2012, HD Vest learned that Huff filed the Bankruptcy Petition when it conducted a public records search. HD Vest asked Huff about the filing and Huff admitted he had filed the Bankruptcy Petition.
11. Over eight months after filing the Bankruptcy Petition and in response to his firm’s inquiry, on June 11, 2012, Huff provided an updated Form U4 to HD Vest to disclose the Bankruptcy Petition.
12. The amendment to the Form U4 disclosing the filing of the Bankruptcy Petition was not filed by HD Vest until August 3, 2012.
13. Huff willfully did not file or cause to be filed a supplementary amendment to his Form U4 within 30 days of filing the Bankruptcy Petition as required by FINRA’s Rules and By-Laws.
14. Huff’s bankruptcy proceeding is ongoing as of the date of this Complaint and Huff has not been discharged.

False Affirmation by Huff to HD Vest

15. On October 18, 2011, Huff stated to his member firm in an HD Vest Advisor Affirmation: “I have reviewed all information on my Form U4 including all disclosure questions and my Form U-4 currently on file with H.D. Vest is accurate and complete... I declare under penalty of perjury that the foregoing is true and correct.”
16. Huff’s October 18, 2011 affirmation was false because his Form U4 was not accurate and complete on that date because it did not disclose his Bankruptcy Petition.

17. Huff knew the statements he made in his affirmation were false because he signed and filed the Bankruptcy Petition and failed to disclose it on his Form U4 or to HD Vest.

FIRST CAUSE OF ACTION

Willful Failure to Timely Amend Form U4 and Disclose Bankruptcy (Article V, Section 2(c) of FINRA By-Laws and FINRA Rules 1122 and 2010)

18. The Department realleges and incorporates by reference paragraphs 1 through 17 above.

19. A person registering with FINA must comply with FINRA's By-Laws by filing a Form U4 to provide the information FINRA requires. Article V, Section 2(c) of FINRA's By-Laws generally provides that every application for registration filed with FINRA shall be kept current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.

20. FINRA Rule 1122 provides: "No member or person associated with a member shall file with FINRA information with respect to membership or registration which is incomplete or inaccurate so as to be misleading or which could in any way tend to mislead, or fail to correct such filing after notice thereof."

21. Since at least 2011, Disclosure Question 14K of Form U4 read: "Within the past 10 years: (1) have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?" If an affirmative answer is given to Question 14K(1), the registered person is required to provide details about the compromise or bankruptcy.

22. Since at least 2011, Huff knew he was obligated to keep his Form U4 current at all times by supplementary amendments that must be filed within 30 days after learning of the facts or circumstances giving rise to the amendment.
23. Huff willfully failed to timely update his Form U4 to correct material information that had become inaccurate.
24. Specifically, Huff failed to timely amend his Form U4 to disclose the filing of the Bankruptcy Petition from October 7, 2011 through August 3, 2012.
25. Huff's failure to amend his Form U4 to disclose the filing of the Bankruptcy Petition in accordance with the timeframe set forth in Article V, Section 2 of FINRA's By-Laws was willful.
26. As a result of the foregoing conduct, Huff willfully acted in contravention of Article V, Section 2(c) of FINRA's By-Laws and violated FINRA Rules 1122 and 2010.

SECOND CAUSE OF ACTION

False Employee Attestation (FINRA Rule 2010)

27. The Department realleges and incorporates by reference Paragraphs 1 through 26 above.
28. It is a violation of FINRA Rule 2010 for a registered person to make false representations to their employing firm.
29. On October 18, 2011, while associated with HD Vest, Huff misled the Firm by falsely completing an affirmation and attesting: "I have reviewed all information on my Form U4 including all disclosure questions and my Form U-4 currently on file with H.D. Vest is accurate and complete."

30. Huff's statements were false because he knew that he had not disclosed the filing of the Bankruptcy Petition on his Form U4 or to HD Vest. Huff had knowledge of the Bankruptcy Petition at the time he made the false statements to HD Vest because he had signed and filed the Bankruptcy Petition just 11 days before signing the affirmation.

31. Based on the foregoing, Huff violated FINRA Rule 2010 by failing to observe high standards of commercial honor and just and equitable principles of trade.

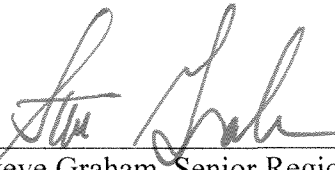
RELIEF REQUESTED

WHEREFORE, the Department respectfully requests that the Panel:

- A. make findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. order that one or more of the sanctions provided under FINRA Rule 8310(a), including monetary sanctions, be imposed;
- C. order that Respondent bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with FINRA Rule 8330; and
- D. make specific findings that Respondent's conduct, as alleged herein, was willful; the omitted information was material; and the omission to state material facts was on a Form U4 application.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 24, 2016



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