

**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: MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: May 18, 2017

INTRODUCTION

Disciplinary Proceeding No. 2014042059701 was filed on August 24, 2016, by the Department of Enforcement (Complainant) of the Financial Industry Regulatory Authority (FINRA). Respondent David William Huff (the Respondent or Huff) submitted an Offer of Settlement (Offer) to Complainant dated May 16, 2017. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council (NAC), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA) have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of

Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

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). Huff has been registered with FINRA Member HD Vest Investment Securities, Inc. (HD Vest) from August 2001 through the present. Huff is subject to FINRA's jurisdiction because he is currently associated with and registered through a FINRA member.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

FACTS

During the period from November 2011 through August 2012, 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.

Huff Willfully Failed to Disclose a Chapter 13 Bankruptcy

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). Huff signed the Bankruptcy Petition, among other documents, and was aware of the filing. 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. 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.

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. 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. The amendment to the Form U4 disclosing the filing of the Bankruptcy Petition was not filed by HD Vest until August 3, 2012. 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. Huff’s bankruptcy proceeding was ongoing as of the date of the Complaint and Huff has not been discharged.

False Affirmation by Huff to HD Vest

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.” 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. 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

A person registering with FINRA 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.

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."

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. 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. Huff willfully failed to timely update his Form U4 to correct material information that had become inaccurate.

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. 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.

Based on the foregoing, 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**

It is a violation of FINRA Rule 2010 for a registered person to make false representations to their employing firm. 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." 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.

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.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be:

- Fined \$5,000; and
- Suspended from associating with any FINRA member firm in all capacities for three-months.

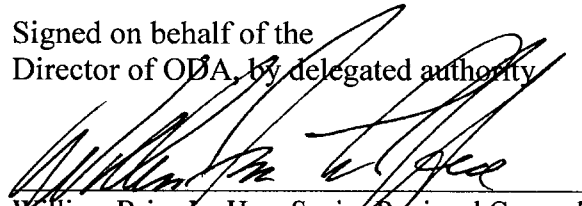
Respondent agrees to pay the monetary sanction upon notice that this Offer has been accepted and that such payments are due and payable. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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



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