

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042487201**

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

RE: Michael E. Donnelly (CRD No. 2276988)
General Securities Representative
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Michael E. Donnelly ("Donnelly" or "Respondent"), 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

On September 23, 1992, Donnelly first became registered with FINRA as an Investment Company Products/Variable Contracts Representative. From October 15, 2009 to September 3, 2014, Donnelly was registered with Coastal Equities, Inc. (BD No. 23769) in that capacity and as a General Securities Representative and General Securities Principal.

On September 3, 2014, Coastal Equities filed A Uniform Termination Notice for Securities Industry Registration (Form U5) stating that Donnelly was terminated for the misappropriation of client funds. Donnelly is not currently associated with a member firm. However, pursuant to Article V, Section 4 of the By-Laws, FINRA retains jurisdiction over him.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210 authorizes FINRA, for purposes of an investigation, complaint, examination, or proceeding authorized by the FINRA By-Laws or rules, to "require a member, person associated with a member, or person subject to FINRA's jurisdiction to provide information orally, in writing, or electronically ... with respect to any matter involved in the investigation, complaint, examination or proceeding..." and gives FINRA the right "to inspect and copy the books, records and accounts of such member or person."

On September 3, 2014, while investigating allegations that Donnelly converted client funds, FINRA Staff, pursuant to Rule 8210, sent a letter to Donnelly requesting information and documentation by September 11, 2014. Donnelly requested an extension of the due date until September 19, 2014, which FINRA Staff granted. Donnelly, however, failed to provide the requested information and documentation.

On September 22, 2014, FINRA Staff, pursuant to Rule 8210, sent a second letter to Donnelly requesting the same information and documentation as in the September 3, 2014 letter. Donnelly's response was due by September 26, 2014. After Donnelly received the second request, he informed the Staff that he would not cooperate and provide the requested information and documentation.

Based on the foregoing, Donnelly violated FINRA Rules 8210 and 2010.

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

- 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 suspension (see FINRA Rules 8310 and 8311).

The sanction 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:

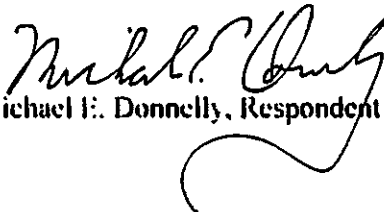
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

10/5/2014
Date (mm/dd/yyyy)


Michael E. Donnelly, Respondent

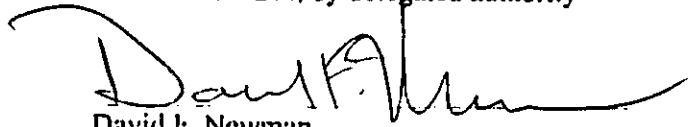
Reviewed by:

Daniel J. Donovan, Esq
Counsel for Respondent
Donovan & Ranic, LLC
One South Street Suite 1120
Baltimore, MD 21202
(410) 685-8800

Accepted by FINRA:

October 14, 2014
Date

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

A handwritten signature in black ink, appearing to read "David I. Newman", with a long horizontal flourish extending to the right.

David I. Newman
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FINRA Department of Enforcement
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