

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014042721002**

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

RE: John Valliades, Respondent
General Securities Representative
CRD No. 726555

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, John Valliades ("Respondent" or "Valliades"), 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

Valliades first became registered with FINRA as a General Securities Representative ("GS") in March 1991 through an association with a former member firm. Valliades has been registered with FINRA through an association with Petersen Investments, Inc. (BD No. 38537) ("Petersen" or the "Firm") as GS since April 1998 and as an Operations Principal since October 2011. He is currently associated with Peterson.

RELEVANT DISCIPLINARY HISTORY

On December 22, 1987, the Chicago Board of Option Exchange, Incorporated. (the "Exchange") accepted a Letter of Consent through which Valliades consented to the entry of findings that Valliades violated Exchange Rule 4.11 by purchasing option contracts for a public customer in an amount that exceeded the applicable position limit, and to a sanction consisting of a \$5,500.00 fine.

OVERVIEW

Between May 2011 and March 2014 (the “Relevant Period”), Valliades exercised discretion in three customers’ accounts without obtaining prior written authorization from the customers or written approval of the accounts as discretionary from his employing member firm in violation of NASD Conduct Rule 2510(b) and FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

NASD Rule 2510(b) provides that registered persons may not exercise discretionary power in one customer’s account unless the customer has given prior written authorization and the account has been accepted by the member firm in writing as a discretionary account.

During the Relevant Period, Valliades exercised discretion in executing transactions in three customers’ accounts. While Valliades and his customers spoke and agreed upon investments for the customers’ accounts, Valliades exercised time and price discretion in executing transactions on dates when he had not spoken with the customers. Valliades did not obtain written authorization from the customers to exercise discretion in the account and Petersen did not approve the accounts for discretionary trading.

As a result of the foregoing, Valliades violated NASD Rule 2510(b) and FINRA Rule 2010.

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

- A suspension from association with any FINRA member in any capacity for 20 business days; and
- A fine in the amount of \$5,000.00.

I agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that Respondent is unable to pay, now or at any time hereafter, the monetary sanctions 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 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 accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 313; 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.

11/28/16
Date (mm dd/yyyy)


John Valhades, Respondent

Accepted by FINRA:

December 20, 2016
Date

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



Samuel L. Barkin
Senior Regional Counsel
FINRA Department of Enforcement
1 Brookfield Place
200 Liberty Street
New York, NY 10281-1003
(212) 858-4074
(202) 721-6573 (direct fax)