

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046883301**

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

RE: Clay G. Erickson, Respondent
Former Registered Representative
CRD No. 1583644

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Clay G. Erickson, 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

Erickson entered the securities industry in 1985 and first became registered in 1991 as an Investment Company and Variable Contracts Products Representative. He maintained that registration with six different FINRA-member firms before becoming registered in that capacity at Hornor, Townsend & Kent, Inc. ("HTK") in January 2011. Erickson remains registered at HTK and subject to FINRA's jurisdiction.

RELEVANT DISCIPLINARY HISTORY

Erickson has no formal disciplinary history.

OVERVIEW

Between 1995 and 2014, while registered with six different FINRA-member firms, Erickson willfully failed to amend or failed to timely amend his Uniform Application for Securities Industry Registration or Transfer Form ("Form U4") to disclose 35 reportable financial events. As a result, Erickson violated Article V, Section 2(c) of NASD's By-Laws (for conduct before

December 15, 2008), NASD Conduct Rule 2110 (for conduct before December 15, 2008), NASD IM-1000-1 (for conduct before August 17, 2009), Article V, Section 2(c) of FINRA's By-Laws (for conduct on or after December 15, 2008), FINRA Rules 1122 (for conduct on or after August 17, 2009) and 2010 (for conduct on or after December 15, 2008).

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(c) of the NASD and FINRA By-Laws requires registered persons to keep their Form U4 "current at all times"; amendments to the Form U4 must be filed "not later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 and its predecessor NASD IM-1000-1 provide that: "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."

Starting in 1995 and continuing consistently until 2014, while registered with six different FINRA-member firms, Erickson willfully failed to disclose or failed to timely disclose on his Form U4 35 judgments and liens totaling almost \$319,000. The 35 events include 18 civil judgments, seven federal tax liens, seven state tax liens, and three state child support judgments. All of these judgments and liens were material information that Erickson should have reported on his Form U4. Erickson did not, however, disclose any of his judgments or liens until September 2015, when he reported only 14 of them.

As a result, Erickson violated Article V, Section 2(c) of NASD's By-Laws NASD Conduct Rule 2110, NASD IM-1000-1, Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

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

- A suspension from association with any FINRA member in any capacity for a period of 10 months; and
- A fine of \$15,000.

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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

The fine shall be due and payable either immediately upon reassociation with a member firm, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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 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.
- 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.

8/29/16
Date (mm/dd/yyyy)

[Signature]
Clay Erickson, Respondent

Reviewed by:

[Signature]
Mark Pugsley, Counsel for Respondent
Ray Quinney & Nebeker, P.C.
36 South State Street, Suite 1400
Salt Lake City, UT 84111
801-323-3380

Accepted by FINRA:

9/22/16
Date (mm/dd/yyyy)

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

[Signature]
James E. Day
Vice President and Chief Counsel
FINRA Department of Enforcement
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Rockville, MD 20850
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