

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015048056501**

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

RE: Edward A. Grey, Respondent
Registered Representative
CRD No. 3091079

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Edward A. Grey ("Grey" 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. Respondent hereby accepts and consents, 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

Grey first became registered with FINRA as a General Securities Representative in January 1999. Between February 2015 and December 1, 2015, Grey was registered in that capacity through an association with Watts Capital, LLC (BD No. 150704) ("Watts" or the "Firm").

Grey is no longer associated with a FINRA member. FINRA, however, continues to have jurisdiction over Grey pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Grey has no relevant disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization, or any state securities regulator.

OVERVIEW

In October 2015, Grey accepted a personal loan from a customer without obtaining pre-approval from Watts. Then, in an attempt to conceal the loan from Watts, Grey altered Watts' engagement letter with the customer, thereby causing the Firm's books and records to be inaccurate. As a result, Grey violated FINRA Rules 3240, 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

Grey Accepted a Loan from a Customer

FINRA Rule 3240(a) states that a registered representative may not borrow funds from any customer unless his member firm has written procedures that allow for such transactions and the lending arrangement meets certain other conditions. FINRA Rule 3240(b) generally requires representatives to notify their member firms and obtain written pre-approval of their lending arrangements.

In early October 2015, while associated with Watts, Grey borrowed \$13,310 from a Watts customer (the "Customer"). Pursuant to Watts' written supervisory procedures and FINRA Rule 3240, Grey was required to notify and seek Watt's pre-approval of the loan. He failed to do so. Grey never notified Watts of the loan or sought the Firm's pre-approval.

As a result of the foregoing, Grey violated FINRA Rules 3240 and 2010.

Grey Attempted to Conceal the Loan

FINRA Rule 4511(a) requires that "[m]embers shall make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules." Associated persons violate FINRA Rule 4511 when they cause a member firm to maintain inaccurate books and records.

In October 2015, Grey attempted to disguise the loan he received from the Customer by twice amending the engagement letter between the Firm and the Customer to make it appear that the \$13,310 loan he received from the customer was a payment for services rendered and not a loan. Grey had no authority to amend the engagement letter unilaterally, Watts did not agree to the amendments and, in fact, Watts did not even provide the services that the amendments purported to commit the Firm to providing.

As a result of the foregoing, Grey violated FINRA Rules 4511(a) and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- A suspension from association with any FINRA member firm in any and all capacities for ten months; and
- A \$15,000 fine.

The fine shall be due and payable either immediately upon association 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 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

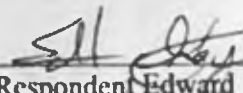
I understand that:

- 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 understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA staff members for legal advice; 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.

10/14/2017
Date (mm/dd/yyyy)

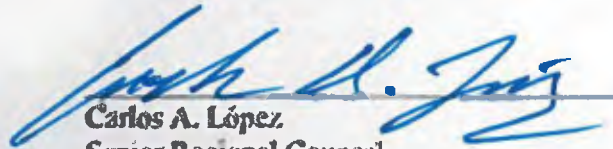

Respondent Edward A. Grey
P.O. Box 4952
Greenwich, CT 06831
Tel: 203-308-7084

Accepted by FINRA:

November 6, 2017

Date

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



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