

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017052944001**

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

RE: Cathy Ione Earnest ("Earnest")
General Securities Representative ("GSR")/ Investment Company Products/Variable
Contracts Representative ("IR")
CRD No. 2606992

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Cathy Ione Earnest, 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

Earnest entered the securities industry in March 1995 through an association with Pruco Securities, LLC (the "Firm"). In April 1995, Earnest became registered as an IR with the Firm, and in January 2002 she became registered as a GSR with the Firm. Earnest maintained these registrations through her association with the Firm until February 2015. Earnest worked for the Firm as a registered representative in Chicago, Illinois.

On March 4, 2015, the Firm filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") regarding Earnest, noting that the Firm terminated Earnest on February 27, 2015. The Form U5 stated that the Firm terminated Earnest for failing to meet minimum production requirements.

On January 19, 2017, the Firm filed an amended Form U5, disclosing for the first time a complaint received by the Firm that Earnest had borrowed \$350,000 from a senior customer, which had not been repaid.

Earnest is not currently associated with a FINRA-regulated broker-dealer. As a result of the January 19, 2017 amended Form U5 filing, and pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over Earnest.

RELEVANT DISCIPLINARY HISTORY

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

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 8210(a)(1) provides that FINRA staff shall, for purposes of an investigation, complaint, examination, or proceeding, have the right to require any "member, person associated with a member, or any other 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."

FINRA Rule 2010 requires that associated persons, in the conduct of their business, observe high standards of commercial honor and just and equitable principles of trade. A failure to comply with FINRA Rule 8210 is a violation of FINRA Rule 2010.

FINRA commenced an investigation in February 2017 into the allegations in a complaint received by the Firm that Earnest had received a \$350,000 loan from a senior customer and not repaid it.

On February 8, 2017, FINRA sent to Earnest a request for documents and information pursuant to FINRA Rule 8210. On March 7, 2017, Earnest's attorney responded on Earnest's behalf to some of FINRA's requests and completely failed to respond to other requests. For example, the response did not provide requested information regarding the amount of the loan received from the customer, or the date it was received. The response also failed to provide requested documentation, including bank records that would show receipt of the loan and other documents regarding the loan. Earnest's attorney stated in the March 7 response that Earnest would not be responding any further to the February 8 request.

As stated in her counsel's letter to FINRA staff on March 7, 2017, and by this agreement, Earnest acknowledges that she received FINRA's Rule 8210 requests for information and documents and will not produce the documentation and information requested. By refusing to produce information and documents as requested pursuant to FINRA Rule 8210, Earnest violated FINRA Rules 8210 and 2010.

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

- A bar from associating with any FINRA member 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 bar or suspension (see FINRA Rules 8310 and 8311).

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

I, Cathy Ione Earnest, 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.

05/31/2017
Date (mm/dd/yyyy)

Cathy Ione Earnest
Cathy Ione Earnest, Respondent

Reviewed by:


Nishay K. Sanan, Esq.
Counsel for Respondent
Law Office of Nishay K. Sanan
53 W. Jackson Blvd, Suite 1437
Chicago, IL 60604
Tel: 312-692-0360

Accepted by FINRA:

6/19/17
Date

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

Susan Light/Emmick
Susan Light
Senior Vice President and Chief Counsel
FINRA Department of Enforcement
Brookfield Place
200 Liberty Street
New York, NY 10281
Tel: 646-315-7333