

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2017054137002**

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

RE: Gary Wayne Hammond (Respondent)
Former General Securities Representative and Former General Securities Sales
Supervisor
CRD No. 2660432

Pursuant to FINRA Rule 9216, Respondent Gary Wayne Hammond submits 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 Respondent alleging violations based on the same factual findings described in this AWC.

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

Hammond first entered the securities industry in 1995. In 2000, he became registered as a General Securities Representative and General Securities Sales Supervisor through an association with a FINRA member later known as MSI Financial Services, LLC. In March 2017, Hammond became registered through an association with MML Investors Services, LLC when the firm acquired MSI Financial Services. MML Investor Services filed a Uniform Termination Notice for Securities Industry Registration (Form U5) on May 3, 2017 reporting Hammond's was "[t]erminated in connection with an internal review relating to violation of company policy as to the handling of a customer complaint and selling away." Hammond was associated with another FINRA member firm from August 21, 2017 to December 4, 2017. MML Investors Services has filed several amended Form U5s for Hammond, including on April 3, 2019 when the firm reported a new customer lawsuit.

Although Hammond is not currently associated with a member firm, FINRA retains jurisdiction over him pursuant to Article V, Section 4 of FINRA's By-Laws.

Hammond does not have any relevant disciplinary history.

OVERVIEW

Between February and October 2016, while associated with MSI Financial Services, Hammond participated in at least 14 private securities transactions totaling \$1,638,000 without providing written notice to his firm. Accordingly, Hammond violated FINRA Rules 3280 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA began its investigation of Hammond after receiving the May 3, 2017 Form U5 referenced above.

FINRA Rule 3280 prohibits any person associated with a member firm from participating in any manner in a private securities transaction without first providing written notice to the member with which he is associated that describes the proposed transaction, the person's proposed role therein, and stating whether he or she has received or may receive selling compensation. A violation of FINRA Rule 3280 is also a violation of FINRA Rule 2010.

Between February and October 2016, Hammond participated in at least 14 private securities transactions without providing notice to his firm. The transactions, totaling \$1,638,000, involved investments in three limited liability companies controlled by Hammond's half-brother. Hammond participated in these transactions by referring investors to his half-brother, attending meetings about the investments and receiving compensation for his referrals. The compensation was generally six percent of the funds raised, though was lower in some instances where Hammond's half-brother had a preexisting relationship with an investor. Two of the limited liability company investments turned out to be Ponzi schemes. Hammond referred ten customers, who invested a total of \$1,019,000, to these two fraudulent investments.

In addition to failing to disclose his participation in the above referenced private securities transactions to his firm, in a June 13, 2016 compliance questionnaire, Hammond falsely answered questions about whether he participated in private securities transactions or received referral fees outside of his firm.

Therefore, Hammond violated FINRA Rules 3280 and 2010.

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

- a bar from associating with any FINRA member in any capacity.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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 in this AWC shall be effective on a date set by FINRA. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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 its acceptance or rejection.

Respondent further specifically and voluntarily waives 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

Respondent understands 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;

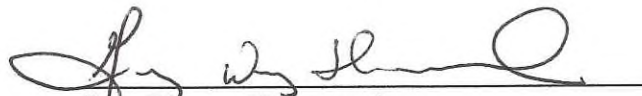
B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

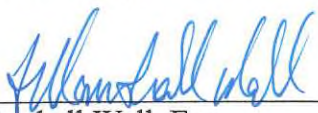
1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
4. Respondent 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. Respondent 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

12/8/2020
Date


Gary Wayne Hammond
Respondent

Reviewed by:

 12/9/2020
Marshall Wall, Esq.
Counsel for Respondent
Cranfill Sumner & Hartzog LLP
5420 Wade Park Boulevard, Suite 300
Raleigh, North Carolina 27611-7808

Accepted by FINRA:

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

01/19/2021
Date

Perry C. Hubbard
Perry C. Hubbard
Senior Director
FINRA
Department of Enforcement
15200 Omega Drive, 3rd Floor
Rockville, MD 20850