

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E06200301460**

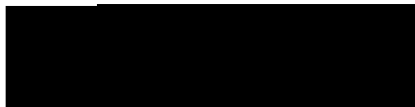
RECEIVED

2008 AUG -9 A 4:02
REGISTRATION & DISCLOSURE

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

**RE: WFG Investments, Inc., Respondent
CRD No. 22704**

**Wilson H. Williams
General Securities Principal
CRD No. 834161**



Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, WFG Investments, Inc. ("WFG"), Wilson H. Williams ("Williams"), and [REDACTED] (hereinafter referred to collectively as "Respondents" or "the Respondents") 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 action against the Respondents, individually or collectively, alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

WFG (f/k/a The (Wilson) Williams Financial Group) has been a FINRA member since April 9, 2001. The firm is approved to conduct a general securities business, and has fully disclosed clearing arrangements with NFS, Pershing, and Advisors Clearing Network. The firm's revenue is derived from sales of equities,

000076250 2008

mutual funds, and fixed-income products. All of the firm's producing brokers are independent contractors. The firm currently employs 201 registered persons at 67 registered branch locations.

Williams entered the securities industry in February 1977, when he registered with FINRA member firm E.F. Hutton & Company, Inc. as a General Securities Representative. He founded Williams Financial Group, Inc. in August 1988. He is currently dually registered with WFG Investments, Inc. and WFG Advisors, LP, and serves as President of both firms. He is also an owner of FINRA member firm Advisors Clearing Network, Inc. During his career in the securities industry, Williams has obtained Series 4, 7, 24, 53 and 63 securities licenses.

████ entered the securities industry in August 1997, when he registered with FINRA member firm Rauscher Pierce Refsnes, Inc. as a General Securities Representative. He subsequently associated with three other FINRA member firms before registering with WFG Investments, Inc. in October 2002. █████ remained registered with WFG Investments, Inc. until April 2005, when he became registered with FINRA member firm BLEY Investments Group, Inc. as a General Securities Principal. █████ registration with BLEY Investments Group, Inc. was terminated on September 25, 2007. █████ has not associated with any FINRA member since September 25, 2007. However, he remains subject to FINRA's jurisdiction pursuant to Article V, § 4 of the FINRA By-Laws.

RELEVANT PRIOR DISCIPLINARY HISTORY

On May 22, 2003, FINRA accepted AWC No. CAF030031 wherein WFG and Williams consented to a censure and a \$10,000 joint and several fine for violations of NASD Conduct Rules 3010 and 2110 and agreed to findings that they had failed to adequately review sales literature and had allowed a registered representative to distribute research reports that contained inadequate risk disclosures, unwarranted statements and claims, and had failed to provide investors with a reasonable basis for evaluating the facts associated with investing in hedge funds.

████ has no disciplinary history.

OVERVIEW

A routine examination of The (Wilson) Williams Financial Group (n/k/a WFG Investments, Inc.) revealed that the firm had: (i) issued 53 research reports that did not contain any risk disclosures; (ii) failed to establish and implement written supervisory procedures reasonably designed to achieve and monitor compliance with NASD Conduct Rule 2711; and (iii) failed to implement an adequate anti-

money laundering program. The examination also revealed that one of the firm's research analysts had traded options on stocks of two followed companies within the Rule 2711(g)(2) restricted period.

FACTS AND VIOLATIVE CONDUCT

1. During the period from January 2003 through June 2003, WFG, acting through Wilson H. Williams, approved the publication of 53 research reports that did not contain any disclosure regarding the risks associated with investing in the subject company.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2210(d)(1)(A) and 2110 by WFG and Williams.

2. On June 26, 2003, [REDACTED] sold puts on Noble Drilling Corporation stock and on Nabors Industries, Inc. stock within the 30-day period immediately preceding his publication of research reports on the subject companies.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2711(g)(2) and 2110 by [REDACTED]

3. During the period from June 2001 through June 2003, WFG, acting through Wilson H. Williams, failed to establish written supervisory procedures reasonably designed to achieve and monitor compliance with the requirements of NASD Conduct Rule 2711, in violation of NASD Conduct Rule 2711(i).

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2711(i) and 2110 by WFG and Williams.

4. During the period from April 2002 to June 2003, WFG failed to develop and implement an anti-money laundering ("AML") program that was reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et. seq.), and the implementing regulations promulgated thereunder by the Department of Treasury. Specifically, the firm's AML program was deficient in the following respects:

- a. Senior management of the firm had not approved the AML program in writing;
- b. The firm's AML written procedures did not provide for on-going training of appropriate personnel;
- c. The firm's AML written procedures did not provide for independent testing;
- d. The firm's AML written procedures did not identify a specific individual as AML Compliance Officer;

- e. The firm's AML written procedures did not address any record-keeping requirements; and
- f. The firm had inadequate internal controls:
 - i. to detect an attempt to open or maintain correspondent accounts for foreign banks;
 - ii. regarding freezing accounts and prohibiting transactions with persons who are suspected of terrorist activities pursuant to Executive Order #13224 that was issued through OFAC; and
 - iii. for filing reports of International Transportation of Currency or Monetary Instruments or of Foreign Bank and Financial Accounts.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 3011(b), (c), (d), and (e) 2110 and MSRB Rule G-41 by WFG.

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

A censure and a monetary fine in the amount of \$25,000 imposed jointly and severally on Respondents WFG and Williams

A monetary fine in the amount of \$5,000 imposed on Respondent WFG.

A monetary fine in the amount of \$5,000 imposed on Respondent [REDACTED]

Respondents WFG and Williams agree to pay their monetary sanctions upon notice that this AWC has been accepted and that the fines imposed are due and payable. Respondents WFG and Williams have each submitted an Election of Payment form showing the proposed method of payment of the fines imposed.

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

Respondents, individually and collectively, specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanctions imposed on them in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents, individually and collectively, specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- B. To be notified of the Formal 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.

Respondents, individually and collectively, specifically and voluntarily waive any right to claim bias or prejudice of the General Counsel, 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.

Respondents, individually and collectively, specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of NASD Rule 9143 or the separation of functions prohibitions of NASD 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

Respondents 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 NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondents; and

C. If accepted:

1. this AWC will become part of Respondents' respective permanent disciplinary records and may be considered in any future actions brought by FINRA or any other regulator against Respondents, individually or collectively;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
4. Respondents may not, either individually or collectively, 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. Respondents may not, either individually or collectively, 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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.**

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that they have agreed to the provisions of this AWC 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 Respondents to submit this AWC

WFG Investments, Inc.

5-23-08
Date

By: [Signature]
(Signature)

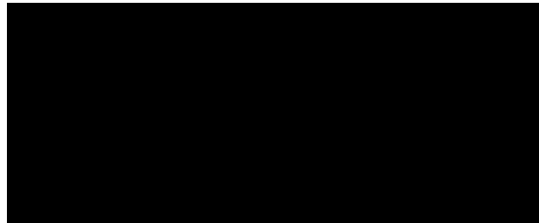
Name: Wilson Williams
(Print Name)

Title: President

5-27-08
Date

[Signature]
Wilson H. Williams
General Securities Principal

5-27-08
Date



Reviewed by:

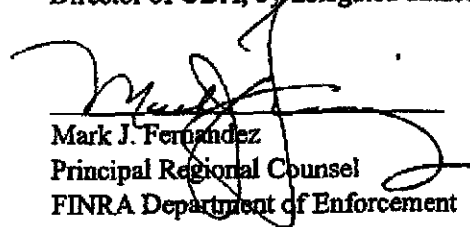
[Signature]
Dan Waller, Esq.
Secore & Waller, L.L.P.
Four Forest
12222 Merit Drive
Suite 1350
Dallas, TX 75251
Tel/972-776-0200
Fax/972-776-0240

Counsel for Respondents,
WFG Investments, Inc.,
Wilson H. Williams, and


Accepted by FINRA:

August 7, 2008
Date

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



Mark J. Fernandez
Principal Regional Counsel
FINRA Department of Enforcement
1100 Poydras Street
Energy Centre, Suite 850
New Orleans, LA 70163-0802
Tel/504-522-6527
Fax/202-721-6522