

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20160496384-01**

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

RE: David Albert Ross, Respondent
General Securities Representative ("GSR")
CRD No. 3021782

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

David Albert Ross ("Ross" or the "Respondent") entered the securities industry in February 1998. He passed the Uniform Securities Agent State Law Examination (Series 63 License) in March 1998 and the GSR Examination (Series 7 License) in October 1998. Ross worked at two FINRA member firms before becoming registered with Signator Investors, Inc., ("Signator") in December 2000. Ross remained at Signator in Nashville and then Murfreesboro, Tennessee, until May 2010, when he became registered with Woodbury Financial Services, Inc. ("Woodbury") in Murfreesboro. Ross was employed as a registered representative at both Signator and Woodbury.

On April 15, 2016, Woodbury filed a Uniform Termination Notice for Securities Registration with FINRA disclosing that it terminated Ross on April 15, 2016 for "failing to disclose an outside business activity, accepting loans from firm clients and other violations of firm policies and procedures."

Since his termination from Woodbury, Ross has not been associated with a FINRA member firm but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Ross has no prior relevant disciplinary history.

OVERVIEW

Beginning in 2008 and up to his termination in 2016 (the "Relevant Period"), during his employment with two member firms, Ross engaged in a pattern of misconduct that included taking loans from firm customers, engaging in undisclosed outside business activities ("OBAs") and making false attestations in firm compliance questionnaires.

Specifically, during the Relevant Period, Ross accepted five loans from four firm customers totaling \$89,000 in violation of NASD Rule 2370 and FINRA Rule 3240. Ross also engaged in two undisclosed outside business activities ("OBAs"), including serving as board director of a firm customer in violation of NASD Rule 3030 and FINRA Rule 3270. Through the above violations, Ross also violated NASD Rule 2110 and FINRA Rule 2010. In addition, on eight compliance questionnaires, Ross falsely attested that he was aware of, and complied with, Signator's and Woodbury's policies and procedures concerning OBAs and loans. Thus, Ross violated NASD Rule 2110 and FINRA Rule 2010 for this additional reason.

FACTS AND VIOLATIVE CONDUCT

A. Customer Loans and False Certifications (NASD Rules 2370 and 2110 and FINRA Rules 3240 and 2010)

During the Relevant Period, Ross accepted five loans from four firm customers in violation of his firms' policies and procedures and FINRA and NASD Rules. While Ross worked at Signator, the firm's policy prohibited registered representatives from accepting loans from firm customers under any circumstances. But, in 2008, Ross accepted a loan in the amount of \$20,000 from a firm customer. He disregarded FINRA Rules and Signator's policy again in 2009, when he borrowed \$27,000 in two loans from another customer. Ross did not disclose these loans to Signator as required. He also falsely certified on two firm compliance questionnaires over two years that he was aware of, understood and complied with Signator's prohibition. For example, on March 21 2010, Ross falsely answered "no" to the question, "Have you loaned money to, or borrowed from, a client?"

Later, while he was associated with Woodbury, the firm had a similar policy against borrowing from firm customers. Nevertheless, in 2011, Ross borrowed \$31,000 from a customer. In 2015, Ross disregarded FINRA rules and firm policy again by borrowing \$11,000 from another firm customer. Ross falsely certified on six Woodbury compliance questionnaires over five years that he was aware of, understood and complied with Woodbury's policy that prohibited registered representatives from borrowing funds from firm clients.

Under FINRA Rule 3240 and its predecessor NASD Rule 2370, a registered person may not borrow funds from a customer unless the loan: (1) meets one of the requirements specified under the rule, (2) is permitted by the member firm's written policies and procedures, and (3) is approved in advance by the firm in writing. A violation of FINRA Rule 3240 is a violation of FINRA Rule 2010. Likewise, a violation of NASD Rule 2370 is a violation of NASD Rule 2110. Providing false certifications to the firm is an independent violation of FINRA Rule 2010 and NASD Rule 2110, which require registered representatives to "observe high standards of commercial honor and just and equitable principles of trade."

By reason of the foregoing, Ross violated NASD Rules 2370 (for conduct prior to June 14, 2010) and 2110 (for conduct prior to December 15, 2008) and FINRA Rules 3240 (for conduct on or after June 14, 2010) and 2010 (for conduct on or after December 15, 2008).

B. Undisclosed OBAs and False Certifications (NASD Rules 3030 and 2110 and FINRA Rules 3270 and 2010)

During the Relevant Period, Ross engaged in two outside business activities without disclosing those activities to his firms as required. He also falsely certified that he complied with Signator's and Woodbury's policies in this regard.

In 2010, while at Signator, Ross was engaged to provide certain consulting services to a customer. He accepted a payment of \$1,500 for these services but never disclosed this outside business or the compensation to Signator. In addition, between 2011 and 2016, Ross earned nearly \$50,000 in compensation serving on the Board of Directors of corporation GA, which had been his customer since 2002. Ross never reported this OBA to Woodbury or sought approval for it. He also falsely attested to Woodbury six times over five years that he was in compliance with the firm's relevant policies and procedures.

According to FINRA Rule 3270, "[n]o registered person may be an employee, independent contractor, sole proprietor, officer, director or partner of another person, or be compensated, or have the reasonable expectation of compensation, from any other person as a result of any business activity outside the scope of the relationship with his or her member firm, unless he or she has provided prior written notice to the member." NASD Rule 3030 provided a similar restriction.

These violations also are corresponding violations of FINRA Rule 2010 and NASD Rule 2110. Similar to the above, Ross' false certifications here are independent violations of FINRA Rule 2010 and NASD Rule 2110.

By reason of the foregoing, Ross violated NASD Rules 3030 (for conduct before December 15, 2010) and 2110 (for conduct prior to December 15, 2008) and FINRA Rules 3270 (for conduct on or after December 15, 2010) and 2010 (for conduct on or after December 15, 2008).

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

- A 10-month suspension from association with any FINRA member in any capacity.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of the Respondent, no monetary sanctions have been imposed.

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.

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:

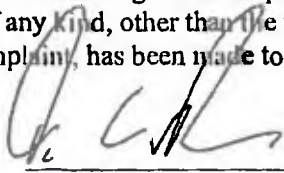
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

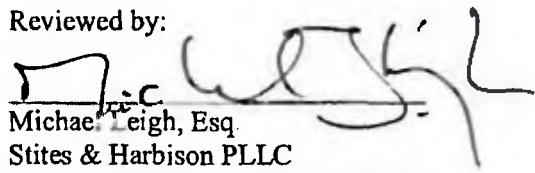
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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.

Date: October 17, 2017


David A. Ross, Respondent

Reviewed by:


Michael Leigh, Esq.
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Louisville, KY 40202-3352
Tel: (502) 681-0583
Counsel for Respondent

Accepted by FINRA:

10/25/17
Date

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


Susan Light
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FINRA Department of Enforcement
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