

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150441722 01**

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

RE: Brent D. Hurt
Registered Principal
CRD No. 1976536

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Brent D. Hurt, 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

Hurt entered the securities industry in 1989 as a general securities representative and obtained his principal license in 1990. From that time until 2010, Hurt was associated with six different FINRA-member firms. From May 2010 through September 2014 (the "Relevant Period") Hurt was the Chief Executive Officer and Chief Compliance Officer of Red Ridge Securities Inc., f/k/a H.D. Brent & Company, Inc. (the "Firm").

RELEVANT DISCIPLINARY HISTORY

Hurt was the subject of disciplinary action taken by FINRA in 2015 for violating FINRA Rules 3010, 3012, and 2010, in connection with failing to maintain adequate supervisory systems to monitor third-party wire transfers. Hurt was fined \$17,500, and suspended in a principal capacity for six-months.

Additionally, Hurt was the subject of disciplinary action taken by FINRA in 2004 for violating SEC Rule 10b-9 and fined \$10,000 and censured.

OVERVIEW

Between May 2010 and September 2014 ("the Relevant Period") Hurt failed to supervise a registered representative of the Firm (EJ) in connection with the sale of private offerings in violation of NASD Rule 3010 and FINRA Rule 2010. Additionally, Hurt caused the Firm to maintain incomplete subscription agreements for private offerings sold by the Firm during that same period, in violation of NASD Rule 3110, and FINRA Rules 4511 and 2010.

FACTS AND VIOLATIVE CONDUCT

Beginning in May 2010, Hurt and the Firm participated in three separate private offerings of securities related to a real estate development project on the Bahamian island of Great Exuma ("Great Exuma project"). Hurt had been a limited partner since 1999 and is the manager of the Great Exuma project.

In order to fund the Great Exuma project, Hurt and his Firm, solicited three private placements of securities: a May 2010 debt offering; an October 2012 refinancing of the 2010 debt; and a May 2013 equity offering (the "Offerings"). The documents for each offering identified Hurt as the manager of the project and granted him broad discretion over the use of the funds in the construction project. Investors were required to execute a subscription agreement in order to participate in any of the Offerings. The Offerings were sold by Hurt, and registered representative of the Firm, EJ.

Hurt Failed to Supervise Firm Employee EJ In Connection with the Sale of Private Offerings

NASD Rule 3010 required that member firms establish, maintain and enforce supervisory systems and procedures that are reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules. NASD Rule 3010 requires that a supervisor take reasonable steps to ensure that securities transactions are in compliance with the applicable securities laws and rules, and that he or she investigate red flags of potential misconduct and take appropriate action when misconduct has occurred.

As the Firm's CEO and CCO, and EJ's direct supervisor at the Firm, Hurt was responsible for ensuring that the Firm established, maintained, and enforced a reasonable supervisory system as required by NASD Rule 3010.

During the Relevant Period, Hurt was the only person responsible supervising EJ's solicitation of investors to purchase the Offerings, but he did not reasonably review or supervise EJ's activities in this regard. As a result, EJ signed Hurt's name to subscription documents and pre-populated a universal execution date of December 31, 2012 on eighteen (18) subscription documents, regardless of when the investors executed those documents. EJ also failed to return complete copies of investors' subscription agreements to the Firm. Because Hurt's supervision did

not include a review of EJ's activities related to the Offerings, or a review of investor documents to ensure that they were accurate and complete, that system of supervision was unreasonable. This resulted in Hurt's failure to identify inaccuracies in the documents, including that EJ was signing Hurt's name, using pre-populated dates, and not requiring investors to return complete subscription. This, in turn, caused the Firm to maintain inaccurate books and records as noted below.

As a result of the foregoing conduct, Hurt failed to supervise EJ's sale of the Offerings and, therefore, violated NASD Rules 3010 and 2010.

Hurt Failed to Maintain Books and Records

NASD Rule 3110(a) provides, in part, that each member "shall make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations, and statements of policy promulgated thereunder and...[t]he record keeping format, medium and retention period shall comply with" Rule 17a-4."¹ FINRA Rule 4511(a) requires FINRA regulated broker-dealers to "make and preserve books and records as required under the FINRA rules, the Exchange Act and the applicable Exchange Act rules." Section 17(a) of the Exchange Act and SEC Rule 17a-4(b) requires that every member, broker and dealer subject to 17a-3 shall preserve for a period of not less than three years, the first two years in an easily accessible place, all records required to be made pursuant to 17a-3(a)(6). SEC Rule 17a-3(a)(6) requires the creation of a memorandum of each brokerage order or, in the case of private placements, a subscription agreement. The records must be accurate.

During the Relevant Period, Hurt was the supervising principal of the Firm and was the project manager for the construction project. Through the Firm, Hurt and EJ solicited investors for the three offerings. Hurt received investor funds, proceeded to use the funds for the construction project, and paid investors interest in accordance with the Offerings. When Hurt and the Firm (including EJ) sold interests in the offerings, they failed to maintain complete copies of 21 of the 60 subscription agreements executed by investors in the Offerings.

Additionally, as manager of the project, Hurt received investor funds, determined how to use those funds in furtherance of the project and was responsible for paying investors interest consistent with the Offering documents. Hurt also maintained accounts of all funds received from the Offerings, transferred investor funds to bank accounts in the Bahamas, and paid vendors, construction workers, architects, suppliers and other entities for project expenses. Hurt also had the authority to issue reimbursements to himself or others involved in the project for cash payments made in the Bahamas on behalf of the development.

¹ NASD Rule 3110 was replaced by FINRA Rule 4511, effective December 5, 2011.

Hurt communicated with investors and Board members of the project regarding expenses, reimbursements and efforts to sell the property, and also made interest payments to investors until the construction was completed and sale of the development failed to materialize. Hurt did not, however, maintain complete or adequate records reflecting these expenses, reimbursements or how investor proceeds were used.

Because Hurt did not maintain complete and adequate records related to investments in, and expenditures related to, the Great Exuma project, Hurt violated NASD Rule 3110(a) and FINRA Rules 4511 and 2010, by causing the Firm to violate Section 17 of the Securities Exchange Act of 1934, and Rules 17a-3(a)(6) and 17a-4(b) promulgated thereunder.

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

- a suspension from associating with any FINRA-registered firm in all capacities for a period of thirteen (13) months; and
- a fine of \$10,000.

The fine shall be due and payable either immediately upon reassociation 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(s) imposed in this matter.

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).

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 prejudice 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:

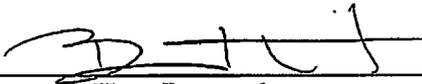
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will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

5/31/2017
Date (mm/dd/yyyy)


Brent D. Hurt, Respondent

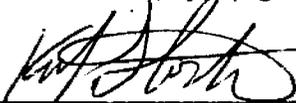
Reviewed by:

Jack J. Hagerty
Counsel for Respondent
Taft Stettinius & Hollister LLP
111 East Wacker, Suite 2800
Chicago, IL 60601
(312) 315-8495

Accepted by FINRA:

5/31/2017
Date

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



Kathryn S. Gostinger
Senior Regional Counsel
FINRA Department of Enforcement
55 West Monroe Street, Suite 2700
Chicago, Illinois 60603
Tel. 312.899.4673
Fax 202.721.8396