

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044822901**

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

**RE: Andrew Joseph Thomas, Respondent
CRD No. 6339047**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Andrew Joseph Thomas ("Thomas" or "Respondent") 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

Thomas entered the securities industry in May 2014 when he became associated with Advisors Asset Management, Inc. ("AAM"). Thomas was associated with AAM from May 19, 2014 through March 11, 2015. Thomas became registered with FINRA on June 20, 2014. AAM filed a Uniform Termination Notice for Securities Industry Registration ("Form U5") for Thomas on March 30, 2015, terminating his association with the firm as of March 11, 2015. Thomas holds Series 6 and 63 licenses.

Although Thomas is not currently associated with a FINRA member, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4(a) of FINRA's By-Laws, which provides for a two-year period of retained jurisdiction over formerly-registered persons.

RELEVANT DISCIPLINARY HISTORY

Thomas does not have any prior disciplinary history.

OVERVIEW

While associated with a FINRA member firm, Thomas willfully failed to amend his Uniform Application for Securities Industry Registration or Transfer ("Form U4") to disclose the receipt of a target letter from the District Attorney in Bexar County, Texas notifying him that he was the target of a Grand Jury investigation involving potential insurance fraud, in violation of Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

FACTS AND VIOLATIVE CONDUCT

Article V, Section 2(c) of FINRA's By-Laws requires associated persons to keep their Form U4 applications "current at all times," and that any amendment to Forms U4 "be filed with [FINRA] no later than 30 days after learning of the facts or circumstances giving rise to the amendment." FINRA Rule 1122 requires applicants to fully and accurately disclose all information required on Form U4 and a filing that "is incomplete or inaccurate so as to be misleading, or which could in any way tend to mislead" may be deemed conduct inconsistent with just and equitable principles of trade. Furthermore, a representative has an affirmative obligation to fully disclose all material facts in response to the questions on Form U4, and a false response on a Form U4 or failing to amend a Form U4, when there has been a material change in a disclosure, is a violation of FINRA Rules 1122 and 2010, and Article V, Section 2(c) of the FINRA By-Laws. FINRA Rule 2010 provides that "[a] member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

Question 14G of the Form U4 in effect in 2014 and 2015 required registered representatives to answer "yes" or "no" to the following question: "Have you been notified, in writing, that you are now the subject of any investigation that could result in a "yes" answer to any part of 14A, B, C, D or E." Questions 14A and 14B, among other things, ask if the representative has ever been convicted of or plead guilty or nolo contendere to a felony, been charged with a felony, convicted of or pled guilty or nolo contendere to a misdemeanor involving any fraud or charged with any such type of misdemeanor.

In early January 2015, Thomas received a letter from the Bexar County, Texas District Attorney's Office notifying him that a Grand Jury was conducting an investigation of possible violations by Thomas of state criminal law involving possible insurance fraud (hereinafter the "target letter"). Based on the target letter, Thomas had written notice in early January 2015 that he might be charged or convicted of a misdemeanor or felony involving fraud. Despite this, Thomas willfully failed to amend his Form U4 to disclose the receipt of the target letter,

which should have been reflected on his Form U4 in early February 2015 at the latest.¹

As a result of the foregoing conduct, Thomas willfully failed to amend his Form U4 to disclose the target letter, in violation of Article V, Section 2(c) of FINRA's By-Laws, and FINRA Rules 1122 and 2010.

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

A six-month suspension from association with any FINRA member in any capacity and a \$5,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the six-month suspension noted above, 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).

I understand that this settlement includes a finding that I willfully omitted to state a material fact on a Form U4, and that under Section 3(a)(39)(F) of the Securities Exchange Act of 1934 and Article III, Section 4 of FINRA's By-Laws, this omission makes me subject to a statutory disqualification with respect to association with a member.

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;

¹ Approximately a week before AAM terminated Thomas's association with the firm, Thomas was ultimately charged with insurance fraud, a class three felony in Texas. The charge was resolved by an agreement for deferred adjudication.

- 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.

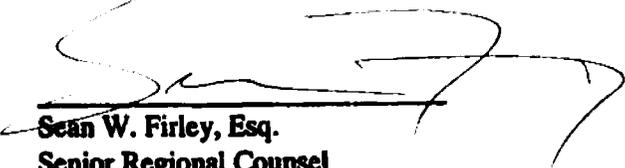
07-02-2015
Date (mm/dd/yyyy)

7/20/15
Date



Andrew Joseph Thomas, Respondent

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



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