

**FINANCIAL INDUSTRY REGULATORY AUTHORITY**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 20050036446-01**

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

RE: **George S. Conwill**, Respondent  
Registered Representative  
CRD No. 1387805

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, George S. Conwill ("Conwill" 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**

I entered the securities industry in August 1985 as a general securities representative at Lassiter and Co., where I was employed until August 1989 when I became a registered as a general securities representative at Mabon, Nugent & Co. The registration at Mabon, Nugent & Co. was terminated in June 1990. In July 1990, I became an employee of APS Financial Corporation ("APSS"). On August 1, 1990, I became registered as a general securities representative and a government securities principal at APSS. On July 28, 1992, I became registered as a municipal securities representative at APSS. On August 3, 1992, I became registered as a general securities principal at APSS. On September 8, 1992, I became registered as a municipal securities principal at APSS. These registrations with APSS were terminated in January 1994, when I became registered at Marcus, Stowell & Beye, Inc. in the following capacities:

municipal securities representative; municipal securities principal; government securities principal; general securities representative; general securities principal; and government securities representative.

In January 1994, I also became registered at Marcus, Stowell & Beye Government Securities, Inc. in the following capacities: general securities principal; general securities representative; municipal securities principal and government securities principal. In August 1994, all registrations with Marcus, Stowell & Beye Government Securities, Inc. and Marcus, Stowell & Beye, Inc. were terminated.

In August 1994, I became registered with Meridian Securities, Inc. in the following capacities: municipal securities representative; municipal securities principal; government securities principal; general securities representative; general securities principal; and government securities representative. In May 1995, the registrations with Meridian Securities, Inc. were terminated.

In May 1995, I became employed with APSS. In June 1995, I became registered at APSS in the following capacities: municipal securities principal; general securities representative; and general securities principal. In February 1997, I became registered as a municipal securities representative at APSS. In December 1999, I became registered as an equity trader at APSS. In September 2000, I became registered as a financial and operations principal at APSS. In August 2005, I became registered as a research principal at APSS. The registrations at APSS were terminated on December 4, 2008. From October 1, 2002 through December 9, 2008, I was registered at APS Asset Management, Inc. as an investment advisor representative.

From February 2001 through January 2003, I was also registered as a financial and operations principal at Medtech Investments, Inc.

On March 12, 2010, I became registered again with APSS in the following capacities: municipal securities principal; equity trader; general securities representative; general securities principal; research principal and financial and operations principal. These registrations remain in effect.

### **RELEVANT DISCIPLINARY HISTORY**

I do not have any relevant disciplinary history.

## SUMMARY

This matter arose out of an investigation by the staff of the Department of Market Regulation (the "staff") of APSS' compliance with fair pricing during the periods January 1, 2005 through December 31, 2005 and October 1, 2006 through December 31, 2006 (the "review period"). The staff also reviewed the firm's written supervisory procedures regarding fair pricing in effect during the review period. During the review period, I was the President of APSS.

## FACTS AND VIOLATIVE CONDUCT

1. During the review period, in 53 transactions, of which 15 were in corporate bonds, 34 were in collateralized mortgage obligations and four were in collateralized debt obligations, on behalf of APSS, I approved prior to execution, the sale (purchase) of securities to (from) customers where APSS, through other employees, failed to sell (buy) such securities at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each security at the time of the transaction, the expense involved and that the firm was entitled to a profit. The excessive markups and markdowns totaled \$1,254,239 for the 53 transactions. In six of the transactions, the markups and markdowns exceeded 10%. Forty-two of the transactions were for the accounts of a high net worth senior customer of the firm. I neither directed any APSS employees to disclose, nor did I disclose, the markups and markdowns to the firm's customers. The transactions are identified on Exhibit 1 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110, 2440 and IM-2440.
  2. During the review period, I failed to take reasonable steps to ensure that APSS established and maintained an adequate supervisory system and I otherwise failed to reasonably and properly supervise the firm and its registered representatives so as to detect and prevent violations of NASD Rules 2110, 2440 and IM-2440. The conduct described in this paragraph constitutes a violation of NASD Rules 2110 and 3010.
- B. I also consent to the imposition of the following sanction:
- A bar in all capacities.

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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. 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 sanction imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

## 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 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.

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 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 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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.

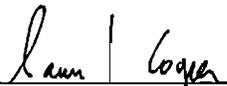
30 June 2010

Date

Respondent

By:   
George S. Conwill

Reviewed by:

  
Samuel Cooper  
Counsel for Respondent  
Baker Botts LLP  
One Shell Plaza  
910 Louisiana Street  
Houston, TX 77002  
713-229-1834

Accepted by FINRA:

8/25/10  
Date

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

  
Thomas R. Gira  
Executive Vice President  
Department of Market Regulation

Exhibit 1

Item No.	Date	Cusip	Issue	Par	Factor	Adj. Par	Contra Trade 1	Trade 1 Time	Trade 1 Price	Firm	Contra Trade 2	Trade 2 Time	Trade 2 Price	Markup	Markdown
1a	10/20/2005	00209HAD3	ATAH.GD	15,000,000	n/a	n/a	C (B)	12:45:11	10	APSS					
1b	10/24/2005	00209HAD3	ATAH.GD	12,825,000	n/a	n/a				APSS	SPGS (S)	14:39:13	6	66.67%	
1c	10/25/2005	00209HAD3	ATAH.GD	2,000,000	n/a	n/a				APSS	SPGS (S)	12:41:29	9.25	8.11%	
2a	6/16/2005	5916899C0	unk	103,525,999	n/a	n/a	C (S)	16:18:52	0.75	APSS					
2b	6/20/2005	5916899C0	unk	106,525,999	n/a	n/a				APSS	C (B)	13:58:40	1	33.33%	
3a	9/21/2005	477122AT2	JETSBA	300,000	n/a	n/a	C (S)	12:23:10	0.875	APSS					
3b	9/21/2005	477122AT2	JETSBA	2,900,000	n/a	n/a	C (S)	12:22:58	0.875	APSS					
3c	9/21/2005	477122AT2	JETSBA	300,000	n/a	n/a	C (S)	12:23:10	0.875	APSS					
3d	9/22/2005	477122AT2	JETSBA	3,500,000	n/a	n/a				APSS	C (B)	13:48:47	1.312	49.94%	
4	12/2/2005	26925AAD6		3,000,000	0.981242	2,943,726	C (B)	16:12:33	30.25	APSS	PERT (S)	16:05:21	27.375	10.50%	
5	12/20/2005	87483UAC0		5,000,000	1	5,000,000	C (B)	15:05:15	3.85	APSS	INGS (S)	14:26:53	3.5	10.00%	
6a	10/12/2005	92326YAD1	VHT.GB	3,300,000	N/A	N/A	C (B)	15:57:20	0.5	APSS				33.33%	
6b	10/12/2005	92326YAD1	VHT.GB	3,300,000	N/A	N/A				APSS	C (S)	15:57:25	0.375		
7	1/12/2005	98141AAD3	WAXS.GA	5,902,000	n/a	n/a	C (B)	14:28:14	7.75	APSS	ASLB (S)	14:40:26	7.25	6.90%	
8	2/8/2005	556109AB2	HMYRQ.GA	5,400,000	n/a	n/a	ASLB (S)	10:24:46	8	APSS	C (B)	15:24:20	8.5	6.25%	
9	3/3/2005	204440AC5	FARGO.GB	1,000,000	n/a	n/a	C (B)	16:04:34	31	APSS	INTL (S)	16:17:33	29.125	6.44%	
10	3/7/2005	87941TAD7	BCE.GA	10,000,000	n/a	n/a	DBAB (S)	13:20:36	10.125	APSS	C (B)	15:31:04	11	8.64%	
11	3/10/2005	87941TAD7	BCE.GA	5,000,000	n/a	n/a	C (B)	12:10:17	10.75	APSS	DBAB (S)	13:56:55	10	7.50%	
12	3/7/2005	87941TAD7	BCE.GA	10,000,000	n/a	n/a	C (B)	15:31:07	11	APSS	DBAB (S)	14:43:33	10.125	8.64%	
13	3/10/2005	87941TAE5	BCE.GB	2,177,000	n/a	n/a	ASLB (S)	14:08:27	10	APSS	C (B)	16:36:59	10.75	7.50%	
14	3/21/2005	204440AC5	FARGO.GB	300,000	n/a	n/a	C (B)	15:46:31	31.5	APSS	INTL (S)	11:13:12	29.875	5.44%	
15	1/6/2005	31394AST4		7,000,000	0.964479	6,751,353	C (B)	12:25:59	7.6875	APSS	UBSW (S)	13:22:30	7.171875	7.19%	
16	3/3/2005	45660N2F1		824,262	0.994095	819,395	BSSC (S)	15:27:05	28	APSS	C (B)	15:27:13	30.25	8.04%	
17	3/7/2005	31394AST4		21,056,732	0.948117	19,964,246	C (B)	14:06:28	6.625	APSS	UBSW (S)	12:55:14	6.25	6.00%	
18a	5/20/2005	31395MLL1		3,429,236	0.983765	3,373,562				APSS	LEHM (S)	13:24:57	7		
18b	5/20/2005	31395MLL1		3,429,236	0.983765	3,373,562	C (B)	13:24:52	7.4	APSS				5.71%	
19	5/31/2005	31395MLL1		3,000,000	0.983765	2,951,295	C (B)	14:14:37	7.1875	APSS	LEHM (S)	14:14:33	6.78125	5.99%	
20a	6/3/2005	31395MLL1		4,500,000	0.983765	4,426,943				APSS	LEHM (S)	12:44:31	6.34375		
20b	6/3/2005	31395MLL1		4,000,000	0.983765	3,935,060	C (B)	12:44:22	6.75	APSS				6.40%	
21	6/10/2005	225458GG7		1,148,439	0.996833	1,144,802	C (B)	11:13:39	58	APSS	FBCO (S)	14:08:36	53	9.43%	
22	6/10/2005	225458GH5		265,027	0.998226	264,557	C (B)	11:03:27	23	APSS	FBCO (S)	14:00:39	21	9.52%	
23	6/29/2005	31395C4U2		5,000,000	0.798056	3,990,280	C (B)	14:16:01	5.5	APSS	RAJA (S)	14:05:32	5.140625	6.99%	
24a	7/20/2005	31395C4U2		3,000,000	0.76388991	2,291,670	RAJA (S)	14:03:43	5.09375	APSS					
24b	7/20/2005	31395C4U2		2,000,000	0.76388991	1,527,780				APSS	C (B)	14:03:52	5.5		
24c	7/20/2005	31395C4U2		1,000,000	0.76388991	763,890				APSS	C (B)	14:27:44	5.5	7.98%	
25	8/10/2005	225458MA3		1,408,051	0.995864	1,402,227	C (B)	14:08:23	56	APSS	FBCO (S)	14:08:36	52.25	7.18%	
26	8/18/2005	225458YW2		2,493,050	0.997501	2,486,820	C (B)	13:43:58	56	APSS	FBCO (S)	13:43:48	52.78125	6.10%	
27	8/18/2005	225458YX0		664,814	0.997501	663,153	C (B)	13:44:01	22	APSS	FBCO (S)	13:43:53	20.5	7.32%	
28	8/22/2005	31394DKY5		7,328,571	0.963403	7,060,387	C (B)	15:48:40	8.25	APSS	LEHM (S)	15:48:45	7.8125	5.60%	
29	9/7/2005	225458K72		667,361	0.99671	665,165	C (B)	15:28:48	57	APSS	FBCO (S)	15:21:55	52.5625	8.44%	

Exhibit 1

Item No.	Date	Cusip	Issue	Par	Factor	Adj. Par	Contra Trade 1	Trade 1 Time	Trade 1 Price	Firm	Contra Trade 2	Trade 2 Time	Trade 2 Price	Markup	Markdown
30	9/7/2005	225458K80		476,688	0.996711	475,120	C (B)	15:43:52	23.5	APSS	FBCO (S)	15:21:51	21.75	8.05%	
31	9/27/2005	761118DM7		931,424	0.9986	930,120	C (B)	15:26:36	34	APSS	BSSC (S)	15:26:18	31.5	7.94%	
32	9/27/2005	761118DL9		930,200	0.9986	928,898	BSSC (S)	15:26:25	61.875	APSS	C (B)	15:26:42	66.75	7.88%	
33	10/21/2005	2254583R7		1,167,163	0.998611	1,165,542	C (B)	16:08:31	54.5	APSS	FBCO (S)	16:08:39	50.4375	8.05%	
34	10/21/2005	2254583S5		729,478	0.998611	728,465	C (B)	16:08:18	23.75	APSS	FBCO (S)	16:08:24	22.0625	7.65%	
35	10/27/2005	12668ACD5		2,055,600	0.993923	2,043,108	C (B)	14:29:38	60	APSS	Countrywide (S)	14:29:32	55.9375	7.26%	
36	10/27/2005	45660LC72		2,147,450	0.997227	2,141,495	C (B)	13:00:07	61	APSS	LEHM (S)	12:56:56	57	7.02%	
37	11/1/2005	2254586Y9		3,201,990	0.998899	3,198,465	C (B)	12:23:52	50	APSS	FBCO (S)	12:23:56	47	6.38%	
38	11/18/2005	45660LN39		1,116,778	0.99819	1,114,757	C (B)	15:53:36	61	APSS	LEHM (S)	15:53:27	57	7.02%	
39	11/18/2005	45660LN47		930,672	0.99819	928,987	C (B)	16:04:22	30.5	APSS	LEHM (S)	16:06:54	28.75	6.09%	
40	11/21/2005	31396EL79		98,230,000	1	98,230,000	C (B)	14:15:16	1.59375	APSS	LEHM (S)	14:51:41	1.484375	7.37%	
41	11/30/2005	26925AAD6		2,000,000	0.981242	1,962,484	C (B)	16:11:57	31.25	APSS	PERT (S)	16:01:15	28.5	9.65%	
42	12/2/2005	12668AE68		1,003,300	0.998969	1,002,266	C (B)	14:03:26	57	APSS	Countrywide (S)	14:03:42	53	7.55%	
43	12/2/2005	12668AE76		627,083	0.998969	626,436	C (B)	14:03:22	25	APSS	Countrywide (S)	14:03:36	23.5	6.38%	
44a	1/7/2005	063840AD4	BCEG.GD	500,000	N/A	N/A	NATL (S)	12:58:43	19.75	APSS					
44b	1/7/2005	063840AD4	BCEG.GD	550,000	N/A	N/A				APSS	C (B)	16:27:24	20.75	5.06%	
45	2/11/2005	637844AM3	NS.GB	500,000	N/A	N/A	ASLB (S)	14:21:26	3	APSS	C (B)	14:36:41	3.25	8.33%	
46	2/11/2005	637844AE1	NS.GA	524,000	N/A	N/A	ASLB (S)	14:21:29	3	APSS	C (B)	14:36:38	3.25	8.33%	
47	3/11/2005	344126AG2	FOMX.GD	25,000	N/A	N/A	INGS (S)	13:27:38	59	APSS	C (B)	13:29:20	62	5.08%	
48	7/7/2005	589962CX5		2,000,000	1	2,000,000	C (B)	15:07:01	15.625	APSS	MSRO (S)	14:33:04	14.5	7.76%	
49	10/13/2005	393505K43		134,000	1	134,000	MSRO (S)	14:50:29	11.75	APSS	C (B)	15:04:35	12.75	8.51%	
50	10/13/2005	393505N65		85,000	1	85,000	MSRO (S)	14:50:36	18	APSS	C (B)	15:04:28	19.25	6.94%	
51	10/13/2005	68213KAB1		370,000	0.567664	210,036	MSRO (S)	16:04:05	65.375	APSS	C (B)	16:23:26	71.5	9.37%	
52a	11/3/2005	67087TDC2		15,000,000	0.070556	1,058,340	BSSC (S)	12:19:40	80.5	APSS					
52b	11/3/2005	67087TDC2		14,660,000	0.070556	1,034,351				APSS	C (B)	15:41:54	85.5	6.21%	
53	11/16/2005	67087TCJ8		1,320,000	0.067892	89,617	MSRO (S)	12:46:58	49	APSS	C (B)	12:50:30	53	8.16%	

\* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying from the firm.