

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011027842701**

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

RE: Larry M. Phillips, Respondent
General Securities Representative
CRD No. 362671

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Larry M. Phillips ("Phillips" or "Respondent") submits 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

Phillips first became registered with FINRA as a General Securities Representative ("GSR") through an association with a former member firm in 1971. In 1984, he became registered as a General Securities Sales Supervisor and in 1988 he became registered as a Foreign Currency Options Representative through another former member firm. In December 2009, he became registered as a GSR through member firm Purshe Kaplan Sterling Investments ("PKS"). In November 2011, Phillips became registered as an Operations Professional through PKS. Phillips remains registered with PKS and is subject to FINRA's ongoing jurisdiction.

RELEVANT DISCIPLINARY HISTORY

In April 2005, Phillips entered into an AWC with NASD in which he was suspended for 10 business days and fined \$20,000 for creating and distributing written communications that failed to adequately disclose material facts regarding investment products and strategies, or made exaggerated, unwarranted or

misleading statements or claims regarding those products, or both.

In October 2006, Phillips was sanctioned in a proceeding brought by the State of Illinois based on the above-referenced NASD action. As a result, he was prohibited from serving as a principal in Illinois for two years and required to pay \$1,000 for the costs of the investigation.

OVERVIEW

While registered with PKS, Phillips overcharged certain customers by charging both a markup and investment advisory fees on the same products in violation of FINRA Rule 2010 and MSRB Rule G-17.

FACTS AND VIOLATIVE CONDUCT

From January 2010 through August 2010, Phillips, through PKS, purchased products – including Steepener Notes, Steepener CDs, Floating Rate Notes, Principal Protected Notes and Municipal Securities – for certain of his investment advisory clients. Phillips added a markup to these transactions. Phillips then allocated the marked-up products to his clients' investment advisory accounts, where Phillips charged advisory fees on the same products for which he had previously charged a markup. By assessing both a markup and an investment advisory fee on the same products, Phillips overcharged his clients in violation of FINRA Rule 2010 and MSRB Rule G-17.

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

- A forty-five calendar-day suspension from association with any FINRA member in any and all capacities;
- A \$7,500 fine (\$243.75 of which pertains to the violations of MSRB Rule G-17); and
- Restitution to the customers listed on Attachment A of this AWC in the total amount of \$3,436.81.

I agree to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

Restitution is ordered to be paid to the customers listed on Attachment A hereto in the total amount of \$3,436.81, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from April 1, 2010, until the date this AWC is accepted by the NAC.

Respondent Larry M. Phillips shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Jonathan M. Prytherch, Senior Regional Counsel, FINRA, 581 Main Street, Suite 710, Woodbridge, New Jersey 07095, either by letter that identifies Larry M. Phillips and case number 2011027842701 and includes a copy of the check, money order or other method of payment or by e-mail, with pdf copies of the payment documentation, to EnforcementNotice@FINRA.org. This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason Respondent cannot locate any customer identified in Attachment A after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Respondent shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

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 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.

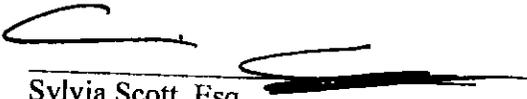
D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute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

04/01/2015
Date (mm/dd/yyyy)

Larry M. Phillips
Larry M. Phillips
Respondent

Reviewed by:

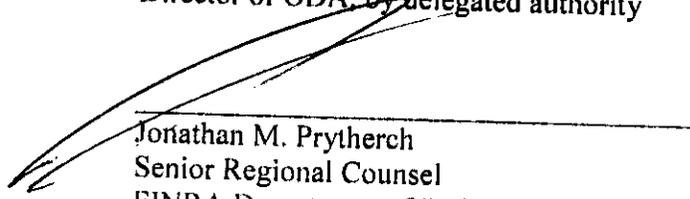


Sylvia Scott, Esq.
Counsel for Respondent
Freeman Freeman & Smiley LLP
1888 Century Park East
Suite 1900
Los Angeles, CA 90067
(310) 255-6161

Accepted by FINRA:

4/27/15
Date

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



Jonathan M. Prytherch
Senior Regional Counsel
FINRA Department of Enforcement
581 Main Street, Suite 710
Woodbridge, New Jersey 07095
Phone: (732) 596-2078
Fax: (202) 721-6571

Attachment A
Larry M. Phillips, AWC No. 2011027842701
Restitution

Customer Initials	Restitution Amount
JB	\$95.95
MB	\$26.60
L&R B & BB	\$47.08
CPT	\$329.80
EMFRT	\$185.86
GG	\$146.50
JG	\$8
R&SH	\$33.27
CH	\$170.31
DH	\$110.03
JKRT	\$319.21
JORT	\$15.25
JK	\$77.19
EL	\$14.81
B&AL	\$114.29
RL	\$135.01
NM	\$133.67
MST	\$67.63
MFT	\$67.63
PORT	\$333.84
V&MLFT	\$1,004.88