

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2016050492101**

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

RE: Walter Warren Parker, Respondent
General Securities Representative
CRD No. 2131232

Pursuant to FINRA Rule 9216 of FINRA’s Code of Procedure, I Walter Warren Parker 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

Parker first entered the securities industry when he associated with a FINRA Member Firm in 1991. He received his Series 6 license in 1991 and his Series 7 license in 1993 and registered with FINRA as a general securities representative. He associated with multiple FINRA member firms thereafter. In August 2006, he associated with Titan Securities as a general securities representative. Parker has remained associated with Titan Securities through the present. He remains subject to FINRA’s jurisdiction as a registered representative with a FINRA member firm.

RELEVANT DISCIPLINARY HISTORY

Parker has no relevant disciplinary history.

OVERVIEW

During the time period from in or around July 2, 2012, through March 4, 2013, Parker made investment recommendations to a customer that were not suitable

given her age, risk tolerance, financial experience and liquidity. As a result of such conduct, Parker violated NASD Conduct Rule 2310 (through July 8, 2012) and FINRA Rules 2111 (from July 9, 2012) and 2010.

FACTS AND VIOLATIVE CONDUCT

In relevant part, NASD Rule 2310(a), which is the predecessor to FINRA Rule 2111, states: “In recommending to a customer the purchase ... of any security, a member must have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his or her other security holdings, financial situation, and needs.”

Similarly, FINRA Rule 2111 states: “A member or an associated person must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the member or associated person to ascertain the customer's investment profile. A customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the customer may disclose to the member or associated person in connection with such recommendation.”

A recommendation may be unsuitable if it results in an undue concentration in a particular security or category of security and the correspondent increased risk of loss is inconsistent with the customer's investment objectives or risk tolerance. An overconcentration of investments in one security or class of investments is unsuitable for investors, particularly those with limited income, means or investment experience.

A violation of NASD Rule 2310 or FINRA Rule 2111 is also a violation of FINRA Rule 2010.

BH became Parker's customer in July 2012. At the time, Customer BH was sixty-four years old, with an annual income between \$30,000 - \$49,000, a net worth between \$300,000 - \$499,000 (mostly from retirement accounts), a “moderate” risk profile, and investment objectives of “growth and income.” Customer BH had little prior experience investing and no experience investing in alternative investments.

Immediately upon opening her account on July 2, 2012, Parker recommended that BH invest \$290,000 into four illiquid, alternative investments. The source of these funds was BH's retirement account. BH invested \$75,000 into BEMT, a REIT formed to acquire a diversified portfolio of apartment properties. She invested \$75,000 in IEFF, a direct financing fund that primarily made debt and

debt-like operating financings to companies, with the debt collateralized by equipment. She invested another \$75,000 in UDF4, a Maryland REIT formed to generate current interest income by investing in secured loans and producing profits from investments in residential real estate. She invested \$65,000 in ARC3, another Maryland REIT formed to generate income from the acquisition of primarily free-standing single-tenant retail properties. The next month, on Parker's recommendation, BH invested an additional \$5,000 in ARC3 on August 1, 2012. In March 2013, Parker recommended that BH invest an additional \$84,000 in two more illiquid, alternative investments - ARC4 (\$60,000), a REIT similar to ARC3, and ARCHT (\$24,000), a Maryland REIT focused primarily on medical office buildings and healthcare-related facilities. BH's account paperwork completed in connection with these two March 2013 investments indicated that at the time BH's annual income was only \$48,000; her net worth was \$450,000, but her liquidity was only \$103,000. BH's risk tolerance remained "moderate" and her investment objective remained "growth with income."

BH suffered significant losses in the alternative investments. The value of the \$75,000 investment in UDF4 collapsed after a fraud investigation into the issuer. BH has been unable to liquidate the investment in IEFF, which has declined considerably. BH claimed that as a result of her investment losses she was forced to obtain full-time employment in 2016. BH later entered into a settlement with the Firm and Parker to compensate her for her losses in the accounts.

The investments that Parker recommended to BH in July 2012, August 2012, and March 2013 concentrated a high percentage of her net worth in alternative, illiquid investments and were not suitable given BH's financial situation and needs, investment experience, investment time horizon, and liquidity needs. By virtue of the foregoing, Parker violated NASD Conduct Rule 2310 (through July 8, 2012) and FINRA Rules 2111 (from July 9, 2012) and 2010.

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

A \$7,500 fine and a one month suspension from association with any FINRA member firm in all capacities.

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

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).

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

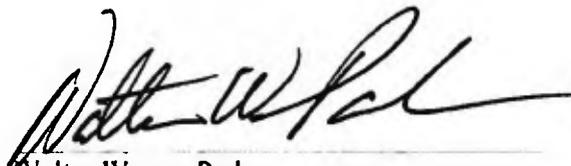
I understand that:

- 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.

2-5-18
Date


Walter Warren Parker

Reviewed by:

*J Randle Henderson with permission
by Bob Baker*

J. Randle Henderson
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Accepted by FINRA:

4/18/18
Date

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

Albert A. Starkus III

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