

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2015043587601**

TO: Department of Enforcement
Financial Industry Regulatory Authority

RE: Jeffrey Collins Kinder, Respondent
CRD No. 1442891

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I 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

Kinder entered the securities industry in 1985, and was registered as a general securities representative with Huntleigh Securities Corporation from 1994 until July 2017. On July 10, 2017, Huntleigh filed a Form U5 reporting that Kinder's employment with the firm terminated on June 30, 2017.

Kinder is not currently associated with a FINRA broker-dealer, but remains subject to FINRA jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Kinder has no relevant disciplinary history.

OVERVIEW

Between January 2011 and February 2015, Kinder recommended that five customers, including three senior investors, engage in mutual-fund switching and short-term trading of Unit Investment Trusts ("UITs"), which was unsuitable for

the customers. During the same time period, Kinder willfully failed to amend his Form U4 to disclose multiple liens and judgments against him.

Through this conduct, Kinder violated NASD Rule 2310, FINRA Rules 2010, 2111, and 1122, and Article V, Section 2 of the FINRA By-Laws.

FACTS AND VIOLATIVE CONDUCT

Unsuitable recommendations of short-term UIT trading and mutual-fund switching

Between January 2011 and February 2015 (the “Relevant Period”), Kinder recommended that five customers engage in short-term trading of UITs and switching of Class A-shares of mutual funds. This activity was unsuitable for the customers to whom Kinder recommended it.

UITs are investment companies that offer shares of a fixed portfolio of securities in a one-time public offering, and terminate on a specified maturity date. As such they are not designed to be used as trading vehicles. In addition, UITs typically carry significant upfront charges, and as with mutual funds that carry front-end sales charges, short-term trading is generally improper.¹

During the Relevant Period, Kinder routinely recommended that these five customers purchase UITs and then sell them well before their maturity dates. The majority of the UITs that Kinder recommended had maturity dates of at least 24 months and carried sales charges ranging from 3.95% to 4.95%. Nevertheless, Kinder repeatedly recommended that his customers sell their UIT positions less than a year after purchase – often in as little as two to four months – and that they use the proceeds from these short-term sales to purchase other UITs with additional sales charges. This occurred nearly 60 times in the five customer accounts during the four-year Relevant Period.

Likewise, on more than 20 occasions during the Relevant Period, Kinder recommended that these customers purchase Class A-share mutual funds, liquidate those positions in less than 12 months, and then use the proceeds to purchase shares of other front-loaded funds.

Kinder’s recommendations caused the customers to incur more than \$98,000 in excessive sales charges, and were unsuitable in view of the frequency and cost of the transactions.

Through this conduct, Kinder violated NASD Conduct Rule 2310 and FINRA

¹ See NASD IM-2310-2(b)(3) (“Trading in mutual fund shares, particularly on a short-term basis. It is clear that normally these securities are not proper trading vehicles and such activity on its face may raise the question of Rule violation.”).

Rules 2111 and 2010.²

Willful failure to amend Form U4 to disclose outstanding liens and judgments

Between 2011 and 2015, Kinder also willfully failed to amend his Form U4 to disclose multiple outstanding liens and judgments against him. The unreported events included nearly \$35,000 owed to six different creditors. Whereas two of the judgments dated back to 2004, one was from October 2013. In February 2014, Kinder signed and submitted to his firm an Annual Compliance Attestation in which he stated that he had reviewed his Form U4 “and found all information to be accurate and up to date.” Until May 2015, Kinder had not disclosed any of the aforementioned events on his Form U4.

By willfully failing to amend his Form U4, Kinder violated FINRA Rules 1122 and 2010, and Article V, Section 2 of the FINRA By-Laws.

B. Kinder also consents to the imposition of the following sanctions:

- A 15-month suspension from associating with any FINRA broker-dealer in any capacity,
- A fine in the amount of \$20,000.³

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 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 have submitted a sworn financial statement and demonstrated a limited ability to pay. My limited ability to pay has been considered in connection with the monetary sanctions imposed in this matter. I specifically and voluntarily waive any right to

² FINRA Rule 2111 superseded NASD Conduct Rule 2310 effective July 9, 2012.

³ In light of the respondent’s financial status, the sanction does not include disgorgement.

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

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:

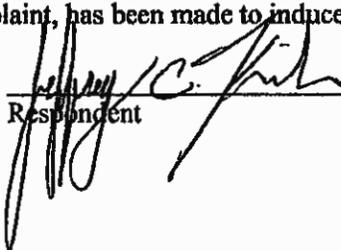
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule

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 understood 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.

01/19/2018
Date (mm/dd/yyyy)


Respondent

Accepted by FINRA:

1/26/2018
Date

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



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