

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2010022861802**

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

RE: Ralph Edward Thomas, Jr., Respondent
CRD No. 2179751

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Ralph Edward Thomas, Jr., 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

Ralph Edward Thomas, Jr. ("Thomas") entered the securities industry in September 1991 and worked for several registered firms before joining Invest Financial Corporation ("Invest") in August 2000. He worked there as a registered representative until February 2004. During this same time period, he was also employed as a Vice President of Harbor Financial Services, a subsidiary of The Harbor Bank of Maryland ("Harbor Bank"). In February 2004, Thomas went to work for Wells Fargo Advisors LLC ("Wells Fargo"). He remained at Wells Fargo until his termination on July 20, 2010. Thomas has not re-entered the industry since that time, and is not currently associated with a FINRA registered firm. Pursuant to Article V, section 4 of the FINRA by-laws, FINRA remains jurisdiction until at least July 19, 2012.

RELEVANT DISCIPLINARY HISTORY

Thomas has no prior relevant disciplinary history.

OVERVIEW

Between December 1, 2001, and July 31, 2010, Thomas misappropriated more than \$800,000 from three vulnerable customers. Customer JW was a child suffering from cerebral palsy. Thomas converted more than \$750,000 from a trust fund for JW's benefit. Thomas also converted \$12,500 from customer KL, JW's mother and caretaker. Additionally, Thomas converted more than \$42,000 from Customer LM, an elderly customer. Thomas did so by making fraudulent withdrawals from her annuity account and purchasing cashier's checks made payable to cash or to credit card companies where Thomas, not LM, held accounts.

Thomas converted customer funds in violation of FINRA Rules 2150 and 2010 and NASD Rules 2330 and 2110.¹

FACTS AND VIOLATIVE CONDUCT

In or about November 1994, a trust account was established for the benefit of JW, a child suffering from cerebral palsy, with the proceeds of a \$3 million medical malpractice settlement on behalf of JW. The child's mother, KL, was appointed guardian and trustee. The settlement proceeds were used to purchase an annuity that was intended to pay JW a minimum of \$3,990 a month until her death or the year 2029, whichever came first.

In December 2001, Thomas became KL's financial advisor. At that time, he worked at both a FINRA registered firm and a bank. He convinced KL to move the trust account to the institutions where he worked and he advised her on both the brokerage and banking accounts. Thomas executed a scheme to obtain money through false pretenses by establishing complete control over the brokerage and banking accounts in JW's trust account. From December 17, 2001, through June 30, 2010, Thomas ensured that the annuity payments were deposited directly into the bank trust account. Throughout that period, the annuity payments averaged \$6,287.53 per month; however, Thomas disbursed only \$1,000 to \$1,500 a month from the trust account to KL for JW's care. Thomas converted the remainder of the money for his benefit.

Thomas withdrew money from the trust account by obtaining KL's signature on blank withdrawal slips. On a monthly basis, Thomas used the signed withdrawal slips to withdraw money from the bank trust account and purchase cashier's checks with the remainder of the annuity payments. Thomas had the cashier's checks made payable to other financial institutions where Thomas held personal accounts. Thomas went to the bank 111 times to withdraw a total of \$756,963.98 from the bank trust account, which he converted for his personal benefit.

¹ On December 15, 2008, FINRA Rule 2010 replaced NASD Rule 2110. On December 14, 2009, FINRA Rule 2150 replaced NASD Rule 2330.

Thomas also converted \$12,500 from KL's personal bank account.

Additionally, between February 2004 and July 2010, Thomas was the financial advisor for LM, an elderly customer with an account at Thomas' employing firm. During that time period, Thomas withdrew \$42,000 from an annuity held by LM in her account with Thomas. He did so without LM's knowledge. Thomas used the withdrawn funds to purchase cashier's checks made payable to cash or to credit card companies where Thomas, not LM, held accounts.

By virtue of the foregoing, Thomas violated FINRA Rules 2150 and 2010 and NASD Rules 2330 and 2110 by converting more than \$800,000 from these three vulnerable customers.

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

- To be permanently barred from associating with any FINRA registered firm in any capacity.¹

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. 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;

¹ Restitution is being required in connection with a separate criminal proceeding against Thomas arising from the same conduct.

- 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 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

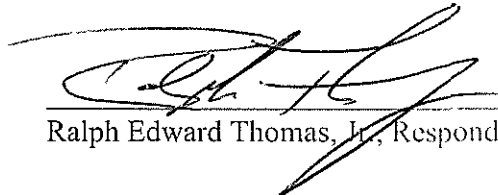
the subject matter thereof in accordance with FINRA Rule 8313; and

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.

1/11/2011

Date



Ralph Edward Thomas, Jr., Respondent

Reviewed by:


William R. Buie III
Counsel for Respondent
The Law Office of William R. Buie III, P.A.
12 South Calvert St. 2nd Floor
Baltimore, MD 21202
410-576-7666

Accepted by FINRA:

1/18/12
Date

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

A handwritten signature in black ink, appearing to read "Thomas Lawson", written over a horizontal line.

Thomas Lawson, Vice President and
Chief Counsel

FINRA Department of Enforcement
1801 K Street, NW, 8th Floor
Washington, DC 20006