

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2016051594901**

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

RE: Phillip Hinze, Respondent  
CRD No. 4494915

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 in this AWC.

**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**

Hinze entered the securities industry in 2002. He was registered with FINRA as a general securities representative from 2002 until October 2016. He associated with The Oak Ridge Financial Services Group, Inc. ("Oak Ridge") (CRD No. 42941) from 2014 to October 2016. Hinze has not associated with any of FINRA's members since October 5, 2016, but he remains subject to FINRA's jurisdiction under Article V, Section 4 of its by-laws until October 4, 2018.

**RELEVANT DISCIPLINARY HISTORY**

Hinze has not previously been disciplined by FINRA or any other securities regulator.

**OVERVIEW**

Hinze placed four orders over a one-week period to buy securities for a customer without her authorization. By doing so, Hinze violated FINRA Rule 2010.

## **FACTS AND VIOLATIVE CONDUCT**

On September 12, 2016, Hinze entered an order for one of his customers to buy one hundred shares of a certain exchange-traded fund for \$11,175. On September 19, 2016, Hinze entered orders for the same customer to buy 260 shares of each of two other exchange-traded funds and 210 shares of a fourth exchange-traded fund for a total of \$40,482. The customer did not authorize any of those purchases. She promptly complained to Oak Ridge, which cancelled the trades and terminated Hinze's employment.

FINRA Rule 2010 requires registered persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business. That rule encompasses the responsibility "for obtaining [a] customer's consent prior to purchasing a security for the customer's account."<sup>1</sup> By initiating four purchases of securities for his customer without her authorization, Hinze violated FINRA Rule 2010.

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

A suspension of one month from associating in all capacities with any FINRA member, and a fine of \$5,000

I understand that if I am 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 fine imposed in this AWC 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 specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, that fine.

The sanctions imposed in this AWC 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:

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<sup>1</sup> *Dep't of Enforcement v. Griffith*, Discip. Proc. No. 2010025350001, 2015 FINRA Discip. LEXIS 55, \*\*15-16 (NAC Dec. 22, 2015) (citing *Wanda Sears*, Exch. Act Rel. No. 58075, 2008 SEC LEXIS 1521, \*6 (July 1, 2008)).

- 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:

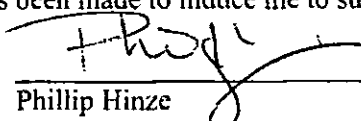
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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 testimonial obligations or 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 (1) I understand and acknowledge that FINRA does not represent or advise me and I cannot rely on FINRA or FINRA's staff members for legal advice; (2) I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; (3) I have agreed to its provisions voluntarily; and (4) no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

02/27/2017  
Date (mm/dd/yyyy)

  
Phillip Hinze

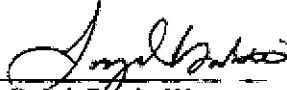
Reviewed by:

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Counsel for Respondent

Accepted by FINRA:

March 17, 2017  
Date

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



J. Loyd Gattis III  
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