FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110263462~~03~~

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

RE: Donald Horton Hunter Jr., Respondent
Former President and Chief Executive Officer of Westrock Advisors, Inc.
CRD No. 1849030

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

Donald Horton Hunter Jr. was registered with various member firms from May 1989 until October 2010. From July 10, 2002 until October 1, 2010, he was registered as a general securities principal and general securities representative with Westrock Advisors, Inc. ("Westrock Advisors"). From February 2009 until May 2010, Hunter was the President of Westrock Advisors and its parent company, Westrock Group, Inc. ("Westrock Group"). From May of 2010 until he resigned in October 2010, Hunter was the Chief Executive Officer of the Westrock Group and Westrock Advisors. Hunter is not currently registered with any member firm. On January 18, 2011, Westrock Advisors was expelled from FINRA membership pursuant to FINRA Rule 8320 for failing to pay a fine imposed in a prior disciplinary matter.

OVERVIEW

Hunter violated Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5, FINRA Rule 2020, FINRA Rule 5122(b), NASD Rule 2310, and NASD Rule 3010 in

connection with the private placement to retail investors of more than $4 million in highly speculative 2-year promissory notes issued by Westrock Group, the parent company of the broker-dealer Westrock Advisors.

Between March 2009 and May 2010, Hunter sold notes promising a 20% return (the "20% notes") without providing customers with any written materials or financial information about the issuer of the notes, Westrock Group. Then, between April 2010 and September 2010, Hunter sold notes promising a 16% return (the "16% notes") by means of a misleading written investor presentation. The 20% notes and 16% notes were sold in order to obtain financing for the Westrock Group, which had incurred substantial losses while trying to start an institutional sales group and asset management division, and was unable to pay its existing debts. Hunter, however, failed to disclose Westrock Group's actual financial condition to the firm's customers and to the brokers who sold the notes. Instead, Hunter provided the investors and brokers with the financial results of the two broker-dealer subsidiaries of Westrock Group, and misrepresented that the entity was "breaking even." Although the broker dealer-subsidiaries were at times breaking even, the consolidated entity and issuer of the notes, Westrock Group, was consistently losing money. Hunter failed to disclose the substantial debts, losses, or expenses separately incurred by the corporate parent, Westrock Group. Hunter's misrepresentations and omissions in connection with the sale of the notes violated Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5, FINRA Rule 2020, and FINRA Rule 5122.[1]

As a result of Hunter's conduct, the notes were sold to numerous unaccredited and unsophisticated investors for whom the notes were clearly unsuitable, in violation of NASD Rule 2310. In addition, the notes were not registered, and were not exempt from registration, in violation of FINRA Rule 2010 and Section 5 of the Securities Act. Finally, Hunter failed to supervise sales of the 20% notes by others at Westrock Advisors, even though he had been specifically designated to do so, in violation of NASD Rule 3010.

FACTS AND VIOLATIVE CONDUCT

1. The 20% Notes Sold Between March 2009 and May 2010

   a. *Hunter's Misrepresentations and Omissions in Connection with the Sale of the 20% Notes*

Between March 2009 and May 2010, Westrock Advisors sold 2-year Westrock Group notes bearing an interest rate of 20% to more than 50 individual retail investors. Hunter

[1] The Westrock Group defaulted on the 16% notes and 20% notes issued in 2009 and 2010. Subsequently, some investors who agreed to sign releases and invest additional funds in a related enterprise were returned the principal and interest they invested in the Westrock Group. To date, other investors have not received the return of their principal and interest, or have only received a portion of the monies originally owed to them.

was responsible for supervising the note sales and conveying information to the brokers and customers about the placement and issuer. However, the investors were not provided with any written disclosures. Instead, Hunter provided some of the brokers—and the small number of customers who specifically requested financial statements—with financial statements of Westrock Group's two broker-dealer subsidiaries, Westrock Advisors and Monarch Financial Corporation of America. These financial statements did not include the substantial debts and other expenses incurred directly by Westrock Group and several startup businesses. As a result, these financial statements provided an incomplete and misleading picture of the financial condition of the consolidated entity and issuer of the notes, Westrock Group.

In connection with the 20 % note sales, Hunter made misrepresentations and omitted numerous material facts, both directly to customers, and to the other Westrock Advisors brokers who sold the notes. By February of 2009, Westrock Group had more than $5 million in debt outstanding. Westrock Group had also missed interest payments owed to at least some note holders since 2007, and had, for several years, failed to make interest payments to retail investors who had purchased the company's preferred stock. In 2009, Westrock Group went into widespread default on the notes that it had issued in previous years. Westrock Group also lost money in 2008 and incurred larger losses in 2009. As an executive officer of both Westrock Advisors and Westrock Group, Hunter was aware of Westrock Group's adverse financial condition. However, Hunter failed to disclose any of these facts to investors. Although Hunter made a number of statements about positive aspects of the investment, he failed to disclose that Westrock Group was losing money, the extent of its outstanding debt, or that Westrock had defaulted on that debt. Instead, Hunter misrepresented that the company was "breaking even."

b. Hunter's Failure to Supervise the Sales of the 20% Westrock Group Notes

Although Hunter was the designated supervisor at Westrock Advisors for all sales of securities issued by the Westrock Group, he failed to supervise any aspect of the 20% note sales between March 2009 and May 2010, or insure that these sales were otherwise supervised. Hunter failed to supervise or review any of the transactions to determine that the notes were suitable for the particular investor or that the investor was accredited. Hunter also failed to take steps to insure that the investors were accredited, such as requiring investors complete investor questionnaires. He also failed to take steps to ascertain whether the notes were being sold by means of a general solicitation.

c. The 20% Notes Were Sold to Unaccredited and Unsophisticated Investors Without an Exemption from Registration.

Section 5 of the Securities Act makes it unlawful to sell or offer to sell a security for which no registration statement is in effect, unless there is an exemption from registration. Between March 2009 and May 2010, Westrock Advisors sold $3.6 million in 20% notes to more than 50 retail investors, including unaccredited and unsophisticated investors. No registration statement was filed. No financial statements or written information about the issuer of the notes, Westrock Group, were made available to

investors. Under these circumstances, the 20% note sales did not qualify for any exemption from registration.

2. The 16% Notes Sold Between April 2010 and September 2010

a. Westrock Group's Financial Condition by April 2010

By April of 2010, Westrock Group's financial position had worsened. Westrock Group had at least $9.6 million in outstanding debt, and was still in widespread default. It owed accrued but unpaid interest of well over $1 million. Its broker-dealer subsidiary, Westrock Advisors, had lost half a million dollars in the first three months of the year. In addition, both Westrock Group and Westrock Advisors had stopped making payments to trade creditors.

b. Hunter's Misrepresentations and Omissions in Connection with the Sale of the 16% Notes

Beginning in April 2010, Westrock Advisors sold 2-year promissory notes bearing an interest rate of 16% to retail investors. Hunter approved a thirty-four page power-point presentation that was provided to the potential note investors. The presentation contained several material misstatements and omitted several facts necessary to give potential investors an accurate picture of Westrock Group's financial condition, which was considerably worse than portrayed by the presentation. In particular, the presentation: (i) failed to disclose that the Westrock Group had incurred additional expenses and losses in addition to the results of its two broker-dealer subsidiaries, (ii) failed to provide any financial statements of the actual issuer of the note, Westrock Group, (iii) failed to disclose the millions of dollars in expenses that Westrock Group had incurred in 2009, (iv) failed to disclose Westrock Group's total outstanding debt, and (v) understated the amount by which Westrock Group was in arrears on interest payments. As an executive officer of Westrock Group and Westrock Advisors, Hunter knew that Westrock Group's financial condition was worse than portrayed in the investor presentation. By approving the misleading April 2010 presentation for distribution to investors, Hunter acted with reckless disregard as to the truth or falsity of the statements contained therein.

Several months later in August of 2010, Hunter approved a slightly revised version of the presentation to provide to potential investors. In connection with the preparation of this presentation, Hunter failed to include financial statements of Westrock Group.

The April 2010 and August 2010 presentations that Hunter approved also misleadingly described the use of proceeds of the placement as the expansion into new business lines. In fact, the primary intended use of proceeds was to pay obligations that the company had already incurred, and to keep the company operating.

3. The Unsuitable Sales of the 16% and 20% Notes

A highly speculative investment in a company in default, such as the Westrock Group, was suitable for only the most aggressive investors who could afford to lose their entire investment. However, the notes were sold to dozens of the customers who were not accredited investors, were seeking to preserve capital, and/or possessed conservative or moderate risk tolerances. The Westrock Group notes were unsuitable for these customers.

Hunter recommended the notes to customers for whom the notes were unsuitable, both on his own and, in some instances, in conjunction with another broker. For example, Hunter personally sold more than $100,000 worth of Westrock Group notes to an 89-year old conservative investor, BC, who was seeking income, had an annual income of just $40,000, and whose net worth totaled approximately $250,000. This customer had been referred to Hunter by a third party as potentially suitable for the note. Hunter sold the speculative 20% note to the customer even though the note was unsuitable for her in light of her actual financial circumstances and needs.

4. Violations

Section 10(b) of the Securities Exchange Act makes it unlawful for any person to employ "any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe." Rule 10b-5 promulgated thereunder provides, in pertinent part, that "[i]t shall be unlawful for any person, directly or indirectly, . . . [t]o make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading." FINRA Rule 2020, FINRA's antifraud rule, is similar to Rule 10b-5 and provides that a member may not "effect any transaction in, or induce the purchase or sale of, any security by any manipulative, deceptive or other fraudulent device or contrivance."

As described above, Hunter made untrue statements and omitted material facts that misled the investors about the financial condition of Westrock Group in connection with the sale of the 16% notes and 20% notes. As a result of the foregoing conduct, Respondent Hunter willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and also violated FINRA Rules 2020 and 2010.

FINRA Rule 5122(b) requires that member firms that sell a private placement of unregistered securities issued by a member or its control entity disclose the intended use of the offering proceeds to investors. As described above, Hunter misrepresented that the intended use of the proceeds from the placement of notes of Westrock Group in April 2010 and August 2010 was to develop new business lines, when the proceeds were actually intended to be used to pay obligations that the company had already incurred, and to allow the company to continue operating. Accordingly, Hunter violated FINRA Rule 5122(b).

As described above, Hunter also sold promissory notes to customers without a registration statement or an exemption from registration. Accordingly, Hunter violated FINRA Rule 2010, by virtue of violating Section 5 of the Securities Act of 1933.

As described above, Hunter also failed to supervise any aspect of the 20% Westrock Group note sales between May 2009 and March 2010. Accordingly, Hunter violated NASD Rule 3010.

Finally, as described above, Hunter recommended the Westrock Group notes to customers without reasonable grounds for believing that the notes were suitable. Accordingly, Hunter violated NASD Rule 2310.

By virtue of the foregoing violations, Hunter also violated FINRA Rule 2010.

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

A bar from associating with any FINRA member.

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 violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member.

Pursuant to FINRA Rule 8313(e), the bar 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;

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 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;

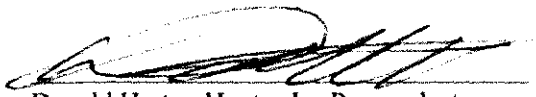
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;

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.

D. 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.

7/6/2012
Date (mm/dd/yyyy)


Donald Horton Hunter Jr., Respondent

Accepted by FINRA:

Aug. 16, 2012
Date

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

Thomas B. Lawson

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