

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026346205**

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

RE: William Howard Coons, Respondent
Registered Representative.
CRD No. 2049465

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

William Howard Coons (CRD No. 2049465) has been registered with several FINRA member firms since November 1989. Between June 2009 and October 2010, he was registered with Westrock Advisors, Inc. ("Westrock Advisors"). Since leaving Westrock Advisors in October 2010, Coons has been registered as a General Securities Representative and General Securities Sales Supervisor with another FINRA member.

OVERVIEW

Coons negligently omitted material facts and made material misstatements in connection with his sale of promissory notes issued by Westrock Group, Inc. ("Westrock Group"), the parent company of his employer, Westrock Advisors. Coons's omissions and misstatements in connection with his sale of the Westrock Group notes violated FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

Facts

Between June 2009 and December 2009, Coons sold approximately \$2 million in Westrock Group promissory notes to more than 20 retail customers. Coons did not adequately understand the present financial condition of Westrock Group, or its ability to make payments on the notes, when he sold the notes. Coons was not provided with a private placement memorandum or financial statements of Westrock Group prior to selling the notes. He was provided with financial statements of Westrock Group's two broker-dealer subsidiaries, Westrock Advisors and Monarch Financial Corporation of America, but these results omitted the substantial debt and other expenses that caused the consolidated entity to operate at a loss.

Coons conducted his own due diligence on Westrock Group's business plan and future prospects, and spoke to the heads of Westrock's existing and anticipated new business lines, but he relied on statements by the President and CEO of Westrock Advisors to develop his understanding of Westrock Group's financial results.¹ As a result, Coons failed to adequately understand or disclose Westrock Group's actual financial condition to his customers when he sold them the notes.

As of 2009, given the actual financial condition of Westrock Group, it was unlikely to continue operating long enough to pay back those who invested in its notes. Westrock Group had lost money in 2008 and incurred larger losses in 2009. By February 2009, Westrock Group had more than \$5 million in debt outstanding, and one of its affiliates held additional debt that had originally been incurred by Westrock Group. While Coons was selling the notes in 2009, Westrock Group defaulted on the notes that it had issued to retail investors in 2007 and 2008. 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. Coons did not understand these facts and did not disclose them to his customers.

In some instances, Coons negligently misstated Westrock Group's financial condition. Coons told certain customers that Westrock was breaking even and that the company's cash flow could service both its current debt and its existing debt. Coons did not have a reasonable basis for making these statements. In fact, as described above, Westrock Group was losing money and was unable to service its existing debt.

In some instances, Coons provided customers with historical financial statements of Westrock Group's two broker-dealer subsidiaries, Westrock Advisors and Monarch

¹ On August 20, 2012, the former President and CEO of Westrock Group and Westrock Advisors, Donald Hunter, was permanently barred from the securities industry for his conduct in connection with the sale of the Westrock Group notes. See Financial Industry Regulatory Letter of Acceptance, Waiver and Consent No. 2011026346203.

Financial Corporation of America. Since the financial statements of those subsidiaries did not include the separate results of Westrock Group, the financial statements that Coons provided to certain customers were materially misleading.

Although Coons did tell potential investors that they could lose their entire investment, he minimized the likelihood of this happening, and failed to disclose facts indicating the likelihood of a default on the Westrock Group notes he was selling.

Westrock Group defaulted on the notes. Subsequently, those investors who agreed to sign releases and invest additional funds in a related enterprise—which included all of the customers to whom Coons had made the primary recommendation to purchase the note—were returned the principal and interest they invested in the Westrock Group. To date, other investors who purchased the note from other brokers have not received the return of their principal and interest.

Violations

FINRA Rule 2010 requires associated persons, in the conduct of their business, to observe high standards of commercial honor and just and equitable principles of trade. As described above, Coons negligently omitted material facts and made material misstatements in connection with his sale of approximately \$2 million in Westrock Group notes to retail investors. As a result, Coons violated FINRA Rule 2010.

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

- A suspension of 20 business days; and
- A fine of \$10,000.

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 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.

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.

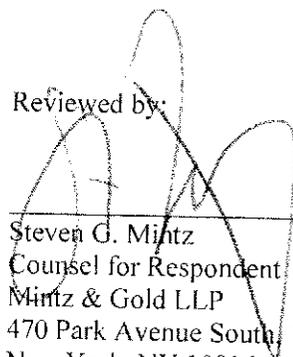
12/21/2012

Date (mm/dd/yyyy)



William Howard Coons, Respondent

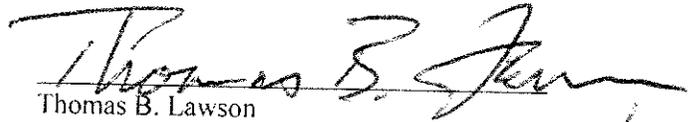
Reviewed by:



Steven G. Mintz
Counsel for Respondent
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(212) 696-4848
Accepted by FINRA:

12/21/12
Date

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



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1/30/13