FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011026346204

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

RE: Neil Arne Evertsen, Respondent
Registered Representative.
CRD No. 2536540

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

Neil Arne Evertsen has been registered as a General Securities Representative with several different FINRA members since August 1994. Between June 2009 and October 2010, Evertsen was registered with Westrock Advisors, Inc. ("Westrock Advisors").[1] After Evertsen left Westrock Advisors in October 2010, he was registered with another FINRA member until October 2011. After a one-year period during which he did not work in the securities industry, Evertsen re-registered as a General Securities Representative with another FINRA member on October 18, 2012.

OVERVIEW

Evertsen negligently omitted material facts in connection with the sale of highly speculative two-year promissory notes issued by Westrock Group, Inc. ("Westrock Group"), the parent company of his employer, Westrock Advisors. Evertsen also made

[1] 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.

unsuitable recommendations of the Westrock Group note to customers, and he sold the note to at least two unaccredited investors even though had been told that it was inappropriate for him to do so. Finally, Evertsen caused customer account forms to contain false information. Evertsen's actions violated FINRA Rule 2010, NASD Rule 2310, and NASD Rule 3110(a).

FACTS AND VIOLATIVE CONDUCT

1. Evertsen Negligently Failed to Disclose Material Facts to His Customers In Connection With the Sale of the Westrock Group Notes

Between September 2009 and January 2010, Evertsen sold $690,000 in Westrock Group promissory notes to 15 retail customers, even though he did not have an understanding of the actual financial condition of Westrock Group. Instead of conducting his own due diligence on Westrock Group, Evertsen unreasonably relied on oral statements about the company's future prospects and the operations of its subsidiaries provided to him by Donald Hunter, the President and CEO of Westrock Advisors and Westrock Group. Evertsen also unreasonably relied on due diligence conducted by another broker with whom he shared a book of business without taking any steps to understand what steps that other broker had taken in conducting that due diligence. Unbeknownst to Evertsen, Westrock Group had incurred substantial losses and was unable to pay its existing debts during the period when he was selling the notes. As a result of Evertsen's deficient due diligence, he failed to understand or disclose Westrock Group's actual financial condition to his customers.

Prior to selling the notes, Evertsen: (i) did not review any financial statements of Westrock Group or its subsidiaries, (ii) did not understand Westrock Group's assets or liabilities, and (iii) had no understanding of the extent of Westrock Group's debt.

The actual financial condition of Westrock Group indicated that it was unlikely to be able to continue operating long enough to pay back the investors in the Westrock Group note. 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.[2] While Evertsen was selling the notes, Westrock Group went into further default on the notes that it had issued in previous years. Westrock Group had 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. An affiliated company of Westrock Group also held a substantial amount of nonperforming debt. Evertsen did not understand these facts and not disclose them to his customers.

[2] 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 money owed to them.

When Evertsen spoke to investors about the note, he did not disclose any financial information about Westrock Group. Instead, he described the company's press releases, media articles, the opportunities presented by a new asset management business, and the opportunities presented by being the first 100 percent Native American-owned broker-dealer. He failed to disclose that he had not reviewed Westrock Group's financial statements and that he did not himself understand Westrock Group's financial condition. While he told potential investors that they could lose their investment if Westrock went out of business, he did not understand or disclose any facts indicating whether this was likely to happen.

Evertsen also failed to provide his customers with adequate written disclosures about the investment. In some instances, Evertsen provided customers with historical financial statements of Westrock Group's two broker-dealer subsidiaries, Westrock Advisors and Monarch Financial Corporation of America. Evertsen's reliance on these financial statements was unreasonable. These financial statements did not include the separate results of Westrock Group and, accordingly, did not include the substantial debts and other expenses incurred directly by that entity. As a result, the financial statements that Evertsen provided to certain customers provided a misleading picture of the overall financial condition of Westrock Group.

2. Evertsen Sold the Notes to Customers for Whom the Note Was Unsuitable

A highly speculative investment in a company in default, such as the Westrock Group, was suitable for only the most aggressive and speculative investors. In spite of this, Evertsen recommended the note to certain customers who were not accredited, did not possess aggressive risk tolerances, and/or were not seeking to speculate. As a result of Evertsen's recommendations, the customers purchased the notes. Evertsen did not have a reasonable basis for recommending the Westrock Group note to these customers.

3. Evertsen Sold the Unregistered Westrock Group Notes To Unaccredited 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 many 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.

The broker with whom Evertsen shared a book of business warned Evertsen that it would be inappropriate to sell the Westrock Group notes to unaccredited investors. In spite of this warning, Evertsen recommended the note to unaccredited investors and sold the note to at least two investors he knew were unaccredited.

4. Evertsen Obtained Updated Customer Account Forms that He Knew Were False

Beginning in October 2009, Evertsen was directed by others at Westrock Group to obtain his customers' signatures on updated account forms that stated that the customers possessed aggressive risk tolerances and speculative investment objectives. Evertsen obtained these updated forms even though he knew that, in some instances, the customer's risk tolerances and investment objectives had not changed.

As a result of Evertsen's phone calls, customers agreed to update their new account forms to indicate that they had aggressive risk tolerances and investment objectives of speculation. Evertsen knew that at least two of the updated customer account forms were inaccurate, and he did not have a reasonable basis for believing that a number of other customers had changed their risk tolerances or investment objectives. As a result of Evertsen's actions, customer account forms were created and maintained by Westrock Advisors that did not reflect the actual risk tolerances and investment objectives of the firm's customers.

5. Violations

As described above, Evertsen sold $690,000 in Westrock Group promissory notes to 15 retail customers. When he sold the notes, Evertsen omitted material facts that misled investors about the financial condition of Westrock Group. Evertsen was negligent in doing so. Accordingly, Evertsen violated FINRA Rule 2010.

As described above, Evertsen also sold the Westrock Group promissory notes to unaccredited investors without a registration statement or an exemption from registration in place. Accordingly, Evertsen violated FINRA Rule 2010, by virtue of his violation of Section 5 of the Securities Act of 1933.

In addition, as described above, Evertsen recommended Westrock Group notes to customers without reasonable grounds for believing that the notes were suitable in light of the customers' financial situations and needs. Accordingly, Evertsen violated NASD Rule 2310.[3]

Finally, as described above, Evertsen obtained updated customer account forms that contained information about the customers' risk tolerances and investment objective that he knew was false. NASD Rule 3110(a) requires FINRA member firms to "make and preserve books, accounts, records, memoranda, and correspondence in conformity with all applicable laws, rules, regulations and statements of policy promulgated thereunder and with the Rules of this Association and as prescribed by SEC Rule 17a-3." Securities

[3] Effective July 9, 2012, NASD Rule 2310 was replaced by FINRA Rule 2111.

Exchange Act Rule 17a-3(a)(17) also requires broker dealers to make "[a]n account record including the customer's or owner's . . . annual income, net worth...[and the] account's investment objectives." By obtaining the updated customer account forms that he knew contained false information about customer risk tolerances and investment objectives, Evertsen caused the falsification of documents, in violation of FINRA Rule 2010, and also caused his member firm to maintain inaccurate records, in violation of NASD Rule 3110(a).[4]

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

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

A suspension from associating with any FINRA member for 10 months.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

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

[4] Effective December 5, 2011, NASD Rule 3110(a) was replaced by FINRA Rule 4511.

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 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.

12/18/2012
Date (mm/dd/yyyy)

Neil Arne Evertsen, Respondent

Accepted by FINRA:

1/30/13
Date

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

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