

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015046919201**

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

RE: Deborah Dickson Kelley, Respondent
General Securities Representative and General Securities Sales Supervisor
CRD No. 1179082

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits 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

Kelley first became registered with FINRA as a General Securities Representative ("GS") in September 1985 through her association with a FINRA member firm. Kelley became registered as a General Securities Sales Supervisor ("SU") in September 1993 through an association with another FINRA member firm. From September 1985 through January 2012, Kelley was registered through an association with seven FINRA member firms.

In January 2012, Kelley became registered as a GS and SU through an association with Sterne, Agee & Leach, Inc. ("Sterne Agee"). In June 2015, Kelley became registered through an association with Stifel, Nicolaus & Company, Inc. ("Stifel") after Stifel purchased Sterne Agee. On September 9, 2015, Stifel filed a Uniform Termination Notice for Securities Industry Registration ("Form U5) terminating Kelley's registration for a violation of firm policies because she "provided gifts or entertainment to a portfolio manager of a public pension fund and misrepresented the nature of expenses submitted for reimbursement."

In October 2015, Kelley became registered as a GS and SU through an association with Seaport Global Securities LLC ("Seaport"). On December 21, 2016, Seaport filed a Form U5 terminating Respondent's registration after she was criminally charged on this date in the United States District Court for the Southern District of New York with Conspiracy to Commit Securities Fraud, Securities Fraud, Conspiracy to Commit Honest Services Wire Fraud, Honest Services Wire Fraud and Conspiracy to Obstruct Justice in the SEC Investigation.¹ Since leaving Seaport, Respondent has not been registered with FINRA or associated with a FINRA member firm. Pursuant to Article V, Section 4 of the By-Laws, however, FINRA retains jurisdiction over her.

RELEVANT DISCIPLINARY HISTORY

Kelley does not have any disciplinary history with the Securities and Exchange Commission, FINRA, any other self-regulatory organization or any state securities regulator.²

FACTS AND VIOLATIVE CONDUCT

On February 16, 2017, FINRA requested, pursuant to FINRA Rule 8210, that Kelley appear and provide on-the-record testimony on March 2, 2017, related to allegations that she improperly provided gifts and entertainment to a portfolio manager of a public pension fund and misrepresented the nature of the expenses submitted for reimbursement.

On February 28, 2017, as stated by her counsel to FINRA staff, and by this agreement, Kelley acknowledges receipt of FINRA's Rule 8210 request and, through her counsel, has informed staff that she will not appear for on-the-record testimony at any time. By refusing to appear for on-the-record testimony as requested pursuant to FINRA Rule 8210, Kelley violated FINRA Rule 8210 and 2010.

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

A bar from associating with any FINRA member in any capacity.

¹ See USA v. Kang and Kelley, Case #1:16-cr-00837 (S.D.N.Y.). On December 21, 2016, the United States Securities and Exchange Commission also filed a civil complaint in the Southern District of New York against Kelley charging her with Securities Fraud and Aiding and Abetting Securities Fraud. See SEC v. Kang, Schonhorn and Kelley, Case #1:16-cv-09829 (S.D.N.Y.).

² At the time of this AWC, the SDNY criminal case and the SEC civil action are pending.

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. 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;
- 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 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: (i) testimonial obligations; or (ii) 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.

3/10/17
Date (mm/dd/yyyy)

Deborah Kelley
Respondent – Deborah Dickson Kelley

Reviewed by:

G. Robert Gage, Jr.
G. Robert Gage, Jr. Esq.
Counsel for Respondent
Gage Spencer & Fleming LLP
410 Park Avenue
New York, NY 10022
Phone Number: (212) 768-4900

Accepted by FINRA:

3/28/17
Date

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

Gerard Murphy
Gerard Murphy
Senior Counsel
FINRA Department of Enforcement
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