

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
2010024882501**

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

RE: Edward Lee Pinney, Jr.
General Securities Representative
CRD No. 728435

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 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

Edward Lee Pinney, Jr. ("Pinney") first became registered as a general securities representative with FINRA in April 1981. Pinney was registered with Scott & Stringfellow, LLC as a general securities representative from October 1990 until he was terminated on October 3, 2010. Pinney is currently registered as a series 7 general securities representative with a FINRA member firm and therefore remains subject to FINRA's jurisdiction.

Pinney has relevant disciplinary history. Specifically, on November 20, 2002, Pinney was censured and suspended for a period of six months by the NYSE for engaging in conduct inconsistent with just and equitable principles of trade by comingling funds received from a customer with his personal funds.

OVERVIEW

In August 2010, Pinney borrowed funds from two customers of his FINRA member Firm, in violation of FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

In August 2010, Pinney, while registered with Scott & Stringfellow, borrowed an aggregate of approximately \$205,000 from two of his customers, who were his long time friends. Each loan was a personal loan. Pinney used the loan proceeds to meet personal financial obligations. Pinney repaid the outstanding balance of \$85,000 owed on one of the two loans. Pinney has not repaid any of the \$120,000 on the loan to the second customer, which is payable on demand.

Scott & Stringfellow had written procedures forbidding registered representatives from borrowing funds from customers except under certain circumstances. Pinney's two loans did not fit within any of the exceptions in the Firm's procedures.

By virtue of the above, Pinney violated FINRA Rules 3240 and 2010.

- B. I also consent to the imposition of the following sanctions:
1. A three-month suspension from association with any FINRA member firm in all capacities;
 2. A \$5,000 fine;
 3. Repayment of loan to the second customer in the amount of \$120,000.

Pinney shall repay the second customer the full amount of \$120,000 due and owing within ninety (90) days of the date of the notice of acceptance of this AWC. Pinney shall provide proof of payment by forwarding to FINRA, Department of Enforcement, 1801 K Street, N.W., Suite 800, Washington, D.C. 20006, a canceled check or other documentary proof of payment. Proof of payment can also be sent to FINRA by e-mail to: EnforcementNotice@finra.org, carolyn.craig@finra.org and colleen.hanrahan@finra.org. The canceled check or other proof of payment must be received by the Department of Enforcement office no later than ninety (90) days after the date of the notice of acceptance of this AWC. Failure by Pinney to pay back the full loan amount of \$120,000 ninety (90) days after the notice of acceptance of this AWC will result in Pinney's continued suspension from association with any FINRA member firm in all capacities until such time as Pinney has provided proof to FINRA that the loan to the second customer has been paid in full.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction 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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. 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 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.

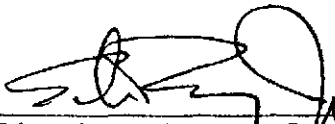
OTHER MATTERS

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.

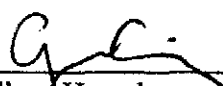
7/29/11
Date


Edward Lee Pinney, Jr., Respondent

Accepted by FINRA:

8/16/11
Date

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

 (Cardyn Craig)
for Colleen Hanrahan
Senior Counsel
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