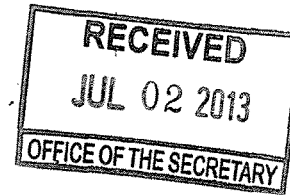


3-14175



Elizabeth Murphy
Office of the Secretary
Securities and Exchange
100 F Street, NE
Washington, DC 20549

In the matter of the Application for Appeal
Kent M. Houston



For review of Disciplinary action taken by the NAC
RE: Complaint No. 2006005318801: Kent M. Houston
Title of Filing: Reply Brief

I want to start my Reply Brief by saying, Just because FINRA say's it it doesn't make it TRUE even if they say it over and over and over. As I read FINRA brief I couldn't help but notice as you probably did how many times there brief stated "Failure to Provide Written Notice of Outside Business Activity". How many times they said in brief "Failure to provide On the Record Testimony". I counted twenty-two times for each, what ever happened to Less is More.

I want to comment on some of the Falsehoods, Misstatements and outright Untruths in FINRA brief.

I purposely failed to provide written disclosure on outside business activity: I said from get go of investigation I was guilty of this disclosure.

I refused to appear for on the record hearing: I have said this was a misunderstanding on my part, I admitted my guilt and believed the hearing was provided to me if I wanted to fight the O.B.A. issue. Did not want to fight it I wanted to move on to settlement. I appeared at the NAC hearing, that shows I was not dodging my responsibility in this investigation.

I partially responded to written requests. I refused to cooperate with enforcement on investigation. I provided incomplete written responses: Go to the record I answered all the questions put before me. I provided all documents asked from me. I participated in all conference calls put to me. I provided hundreds of pages of documents and answered hundreds of questions and they were delivered on time and truthful.

FINRA brief stated, [REDACTED] specified I would be sole Trustee if unwilling or unable to serve as Trustee. [REDACTED] account statement came to my address. Stated I had check writing privileges. Her personal Doctor indicated that she could no longer manage her finances: I was Co-Trustee on account so yes I had check writing ability, approved and written into trust and approved by [REDACTED]. [REDACTED] approved all checks written on of her account. It was never discussed or written into trust or amendments that I would someday assume Trustee role. I assumed position when [REDACTED] legally put me in as Trustee. [REDACTED] directed her monthly statements come to my business address. Upon receipt I would personally meet each month with my Aunt to go over statement. Her personal residence was ten minutes from mine. She was family, we got together a lot. I believe the letter from Doctor stated she was starting early stages of [REDACTED], don't believe it ever said she couldn't manage her personal matters. I never saw issues when we would discuss her investment account.

The following are comments made by NAC and FINRA concerning my previous firm, First Wall St. Corp. My firm didn't know of my Trustee compensation. I didn't disclose my Trustee activities. Firm says that it wasn't until 2005 that they became aware of my check writing authority. Client file for [REDACTED] was incomplete and that purposely withheld documents. I didn't notify firm I had been legally put in as sole Trustee until 2006. I didn't inform firm of my Aunt's health. Firm asked me years after account was opened for trust documents. Firm states I provided trust documents as late as May of 2006. Firm wanted accounting of checks written in [REDACTED] account. Firm terminated me. Firm states I attempted to conceal my Trustee activities. Misled my firm by failing to disclose Trustee activities. Firm states I falsely represented that I had not accepted trustee appointment. Firm stated that [REDACTED] was on my Countrywide bank account as a tenant:

Firm knew of my trustee compensation, it was there idea as the told me I could not receive trading commissions. Firm knew of my trustee activities. I set up Trust account in 2001. [REDACTED] file had in it Trust, amendments, legal document of my appointment as Co-Trustee. Firm's statement doesn't make sense, All those documents are needed to open up the account. How could they say they didn't have them. Firm knew I had check writing authority from day one. My name was on the checks, checks came from the firm. Each check was shown on clients monthly statement for compliance examination. [REDACTED] trust attorney drew up my sole trustee appointment late in 2005. I sent that to the firm and they never changed registration on the account. On my Aunt's death in June of 2006 her account showed her as trustee and me as co-trustee, Why, I never got an answer from firm. Letter from Doctor on [REDACTED] health went to firm after going to attorney and appointment of trustee went to me. That was personal information not required to be disclosed to the firm. When firm asked me to provide personal documents from [REDACTED] account and check writing I took request to [REDACTED] and her attorney. [REDACTED] stated she did not want to nor did she have to disclose personal information about her account. [REDACTED] instructed me not to disclose information to firm. Her attorney instructed me not to provide information to firm as I had a fiduciary responsibility to [REDACTED] trust. I told firm and they also received letter from attorney stating the same. I reminded firm that account statements had listing of all checks paid out of account. It was a mutual agreement that I left First Wall Street. I sent them my letter of resignation.

As a Trustee on an account, as broker of record and with firm as dealer of record I was under special supervision by firm's compliance dept. I had monthly meetings with compliance concerning any and all activities of [REDACTED] account. I believe that supervision was standard in the industry.

Firm was first to bring up issue of conflict of interest. That is Blatantly False. The conflict of interest and possible liability concerns for the firm were brought to my attention by [REDACTED] attorney. His thoughts were once I became sole Trustee it could be a conflict as I would then be trustee, broker of record and firm dealer of record. I sent email to compliance (in the record) stating our feeling and stating [REDACTED] wanted to transfer her account to another brokerage. I put together and sent on to the firm all transfer documents. This matter came to light late in 2005 or early in January 2006. Those transfer instructions were never acted on and it was those directions that set off the firm on my leaving and this investigation. The firm did not want me to transfer out account and blocked the instructions of the client. My Aunt died in June of 2006 and her account was never transferred and I was never registered on account as sole trustee. I asked as well as [REDACTED] attorney why her instructions were never acted on, we never got that answer from firm.

Brief states I posed a threat to investing public. I was involved in gamesmanship and delay tactics that posed risk that evidence will be lost or destroyed. I provided written answers that were incomplete and non-responsive. I failed to give complete and timely responses. I was no threat to my current or future clients. I had never had a single client complaint in twenty plus years in the business. In that time I was never disciplined by any of the firm's I had worked for. I have actively been involved in this investigation going on it's seventh year. I produced and returned all documents asked from truthfully and on time. There was no risk of me losing or destroying evidence, I had nothing to hide, I couldn't wait to get any and all information I had to FINRA to prove my innocence.

Brief states I wasn't forthcoming on information requested concerning Countrywide Bank. Go to the record I had Countrywide send me which was sent on to FINRA my full account statement for the years requested. Finra got what I got. I sent them account names and numbers for all nieces and nephews they requested.

FINRA states to this day I had an attorney. This one has always been baffling to me. I have said I spoke with attorney's about this investigation I got there professional advice. They stated I didn't need legal counsel as from the very start I was pleading guilty to the outside business activity charge. I Never Hired an Attorney, I Never Signed a Contract with an Attorney, I Never Paid an Attorney a Retainer. I don't know how else to say it I have never had nor do I have now legal counsel.

Brief states I failed to cooperate fully with FINRA and my Firm in this investigation. States I failed to provide all documents requested from me. I have fought for myself in this investigation. This investigation started back in 2006 it is now in it's seventh year. I DID NOT fail to cooperate with anyone in this matter. I answered hundreds of questions, I have sent hundreds of documents, I actively participated in a series of conference calls. That doesn't sound like someone who refuses to cooperate in this pending investigation.

Let's move on to the settlement matter. Page 29 under settlement, enforcement says I wanted settlement after I accepted responsibility and admitted my guilt. Earlier in brief they said I never admitted to my misconduct. Which is it? You have a letter I sent that states I take responsibility for incorrectly not signing off on Outside Business Activity form. If enforcement didn't want to bargain in good faith for a settlement why did they suggest that I speak with FINRA mediator. I took that advise hoping mediator could help both parties come to a settlement agreement. I spoke with mediator on three occasions, he then spoke with enforcement and they said NO to settlement. Why did they offer mediation if they had no intent on a good faith discussion on a settlement. Did they just enjoy watching me jump through more hoops.

FINRA say's they are under no obligation to provide legal advice or explain rulings. They go on to say if I had questions regarding substance he could have sought clarification. This has to do with not alerting me that my suspension ended once SEC vacated the penalty of a full bar. I would ask this, enforcement didn't have have a problem explaining the ruling of the suspension. There letter on the suspension couldn't get to me any faster. But when ruling went in my favor enforcement got lock jaw, I didn't hear a word from them. You should probably interview Brennan Love, paralegal Mr. Love was my contact. When enforcement states I should have asked questions regarding substance and clarification, I DID! I asked Mr. Love monthly, yes I called him every month in 2012 asking for updates on my case. I asked him if I could get in touch with higher ups in my matter, I told him I need a decision ASAP as I WAS STILL SUSPENDED. I would ask him to look into these matters for me. Mr. Love knew I was still not working as I assumed I was still under suspension. He was my contact person, I asked all the right questions and I asked for answers. I still stand by my allegation that FINRA Deliberately and Intentionally knew and withheld the suspension from me. I would be happy to provide my phone records showing how many times I called and talked with Mr. Love, you could get the same records from him showing all the times he returned my calls. Someone should have informed me that my suspension was over, I asked the question many times. It took NAC to find the error. It's just not right!

My ability to pay. Brief says I failed to raise argument on ability to pay, they say I waived it. How can I waive something I didn't know I had. I read about filing for financial hardship in a trade magazine. Back in 2006 when this investigation started I may have had an ability to get on a payment plan. That was seven years ago, lots of things can change in one's personal life. Remember I haven't work in my business going on thirty months. My personal financial situation has changed in the past seven years, it has been destroyed in the past thirty months. I can provide proof of my inability to pay, I can provide evidence of my current financial situation. I look forward to that when this matter is finally settled.

Kent Houston

A handwritten signature in cursive script that reads "Kent Houston".