

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
2004200011001

**TO: Department of Market Regulation
NASD**

**RE: WM Financial Services, Inc., Respondent
Broker-Dealer
CRD No. 599**

Pursuant to Rule 9216 of the NASD Code of Procedure, WM Financial Services, Inc. ("MRPH" or the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against MRPH alleging violations based on the same factual findings.

MRPH understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against MRPH; and
3. If accepted:
 - a. this AWC will become part of MRPH's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against MRPH;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about MRPH's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. MRPH 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 allegation in this AWC or create the

impression that the AWC is without factual basis. Nothing in this provision affects MRPH's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

MRPH also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

MRPH has been a member of NASD since on or about June 12, 1944 and its registration remains effective. MRPH has no relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

MRPH specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against MRPH;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, MRPH specifically and voluntarily waives 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.

MRPH further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

In connection with 20042000110/MRD200342050, the staff of NASD's Department of Market Regulation (the "staff") conducted a review of MRPH's compliance with trade reporting rules for the Trade Reporting and Compliance Engine ("TRACE") during the period April 1, 2003 through June 30, 2003 (the "review period").

- A. MRPH hereby accepts and consents, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:
1. MRPH failed to report to TRACE 318 transactions in TRACE-eligible securities executed on a business day during TRACE system hours *within 75 minutes of the time of execution*. MRPH also failed to report to TRACE one transaction in TRACE-eligible securities executed on a business day at or after 12:00 a.m. Eastern Time through 7:59:59 a.m. Eastern Time within 75 minutes after the TRACE system opened the same business day. These late transactions constituted 40 percent of all transactions in TRACE-eligible securities that MRPH was required to report to TRACE during the review period.
 2. The conduct described in paragraph one constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
 3. During the review period, MRPH misreported to TRACE 170 transactions on non-TRACE-eligible securities and failed to cancel such reports during the review period. MRPH's failure to cancel these reports resulted in an inaccurate audit trail.
 4. The conduct described in paragraph three constitutes separate and distinct violations of NASD Marketplace Rule 6230(e).
 5. MRPH's supervisory system did not provide for supervision *reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the rules of NASD, concerning timely reporting to TRACE*. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of

the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.

6. The conduct described in paragraph five constitutes a violation of NASD Conduct Rules 2110 and 3010.

B. MRPH also consents to the imposition, at a maximum, of the following sanctions:

A censure and fine of \$21,000 (comprised of a \$15,000 fine for the TRACE reporting violations and a \$6,000 fine for the supervision violations).

The sanctions imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

- A. MRPH understands that MRPH may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. MRPH understands that MRPH 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 NASD, nor does it reflect the views of NASD or its staff.
- B. MRPH agrees to pay any monetary sanctions imposed on MRPH upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which MRPH proposes to pay any fine imposed.
- C. MRPH specifically and voluntarily waives any right to claim that MRPH is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

MRPH certifies that MRPH has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce MRPH to submit it.

6/24/05
Date

Respondent
WM Financial Services, Inc.

By: 

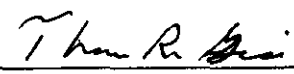
Name: Hans Hesselman
Title: Chief Compliance Officer

Reviewed by:


Counsel for Respondent

Accepted by NASD:

7/31/05
Date


Thomas R. Gira
Executive Vice President and Deputy
Department of Market Regulation
Signed on behalf of the Director of
ODA, by delegated authority