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NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
20050000359-01

**TO: Department of Market Regulation
NASD**

**RE: David K. Evansen, Respondent
Registered Representative
CRD No. 1579910**

Pursuant to Rule 9216 of NASD Code of Procedure, the undersigned 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 David K. Evansen ("Evansen" or "Respondent") alleging violations based on the same factual findings.

Respondent 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 ("ODA"), 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 Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against him;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my 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. Respondent 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. Nothing in this provision affects Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understands that his 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:

Prior to January 2003, Evansen was registered with seven different member firms: J.W. Gant & Associates, Inc. (August 1986 to February 1987); Michelin and Company, Inc. (October 1986 to January 1987); J.W. Charles Securities, Inc. (March 1987 to January 1990); Dean Witter Reynolds, Inc. (February 1990 to September 1992); Prudential Securities Incorporated (September 1992 to April 1994); Barron Chase Securities, Inc. (April 1994 to July 2000); and Sunstate Equity Trading (June 2002 to December 2002). During the period January 9, 2003 through October 20, 2003, Evansen was registered as a General Securities Representative and an Equity Trader at Electronic Access Direct, Inc. On October 20, 2003, Evansen became registered as a General Securities Representative at Newbridge Securities Corporation where he is still currently registered. Evansen does not have any relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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 him;
- 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, Respondent 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.

Respondent 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

This matter, 20050000359 (formerly identified as MRD200444467), arose out of an investigation conducted by the staff of the Market Regulation Department of NASD (the "staff") of trading activity at Electronic Access Direct, Inc. ("EADA") from August 18, 2003 through August 27, 2003 and on November 3, 2003 for the account of Evansen.

- A. Respondent hereby accepts and consents, without admitting or denying the 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. During the period of August 8, 2003 through August 27, 2003, and on November 3, 2003, Respondent knowingly and intentionally entered 14 priced limit orders for one contract in five separate options for Respondent's account into EADA's systems, which were routed through ABN AMRO, Inc. ("ABNA"), an International Securities Exchange ("ISE") Electronic Access Member, to the ISE at prices that Respondent knew, or should have known, would improve the ISE Best Offer ("ISE BBO") in such options, in that the full price and size of such orders would be reflected in the public quotation system as the best prices and sizes at which a market participant was willing to sell such options.
 2. The one-contract orders at the improved inside offer caused the primary market maker on the ISE in each option to lower its offer to the improved inside offer for a size of nine contracts, creating an inside offer at the price of Respondent's one contract for a total of 10 contracts.
 3. After having entered such orders via EADA's systems through ABNA, Respondent entered orders to buy 10 contracts of such options in the same account at EADA which were routed to the ISE through ABNA, when

Respondent knew, or should have known, that they would be executed at the improved ISE BBO and did buy such options on an automated basis at the improved ISE BBO. The buy order for ten contracts executed against Respondent's sell order for one contract and the primary market maker's quotation for the remaining nine contracts.

4. By engaging in this course of conduct, Respondent bought these options at prices that were lower than Respondent would otherwise have been able to buy these options, but for Respondent's entry of the orders referenced in paragraph one above into EADA.
5. Immediately after Respondent received the executions of the orders that Respondent had entered for Respondent's trading account at EADA, the ISE BBO returned to a higher offer.
6. In all, Respondent bought five options in the manner described in paragraphs one through five, in at least 14 instances, thereby obtaining a financial benefit of approximately \$810.00. These instances are reflected on Exhibit 1 and the advantageous price gain calculations are reflected on Exhibit 2.
7. The conduct described in paragraphs one through six constitutes violations of NASD Conduct Rules 2110 and 2120.

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

A suspension from association with any member firm for a period of 30 business days, a \$10,000 fine and restitution by Respondent to the parties involved in the transactions described on Exhibit 2 hereto (the "Recipients") in the total amount of \$810.00, plus interest at the rate set forth in Section 6621(a) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this Letter of Acceptance, Waiver and Consent is accepted by the National Adjudicatory Council. Respondent shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 no later than 150 days after acceptance of this Letter of Acceptance, Waiver and Consent. If for any reason, Respondent cannot locate any Recipient after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the Recipient customer last resided.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III.

OTHER MATTERS

- A. Respondent understands that he may attach a Corrective Action Statement to this AWC that is a statement by the Respondent of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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. Respondent agrees to pay any monetary sanctions imposed on him 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 he proposes to pay any fine imposed.
- C. Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. Respondent understands that if he is barred or suspended from associating with any NASD member, he becomes 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, he may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

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Respondent certifies that he 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 him to submit it.

David K. Evensen

Respondent



5/11/06

Date

Reviewed by:

Counsel for David K. Evensen

Accepted by NARD:

7/7/06

Date



Thomas R. Glin
Executive Vice President & Deputy
Department of Market Regulation

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

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Instance	Trade Date	Issue Symbol	Order Entry Time	Order Size	Buy/Sell	Report Time	Disposition	Volume	Price	Contract
1	08/18/03	FCBL30CT10.DC	11:03:36	1	S	11:03:41	Executed	1	\$1.05	ABNSE
	08/18/03	FCBL30CT10.DC	11:03:41	10	B	11:03:41	Executed	9	\$1.05	MGSBP
	08/18/03	FCBL30CT10.DC	11:03:41		B	11:03:41	Executed	1	\$1.05	ABNSE
2	08/18/03	FCBL30CT10.DC	11:18:35	1	S	11:18:37	Executed	1	\$1.10	ABNSE
	08/18/03	FCBL30CT10.DC	11:18:37	10	B	11:18:37	Executed	9	\$1.10	MGSBP
	08/18/03	FCBL30CT10.DC	11:18:37		B	11:18:37	Executed	1	\$1.10	ABNSE
3	08/19/03	NVDA3SEP17.50C	15:39:03	1	S	15:39:05	Executed	1	\$1.15	ABNSE
	08/19/03	NVDA3SEP17.50C	15:39:05	10	B	15:39:05	Executed	9	\$1.15	HLL2P
	08/19/03	NVDA3SEP17.50C	15:39:05		B	15:39:05	Executed	1	\$1.15	ABNSE
4	08/19/03	NVDA3SEP17.50C	15:41:43	1	S	15:41:45	Executed	1	\$1.15	ABNSE
	08/19/03	NVDA3SEP17.50C	15:41:45	10	B	15:41:45	Executed	9	\$1.15	HLL2P
	08/19/03	NVDA3SEP17.50C	15:41:45		B	15:41:45	Executed	1	\$1.15	ABNSE
5	08/21/03	NVDA30CT20.DC	11:28:51	1	S	11:28:53	Executed	1	\$0.75	ABNSE
	08/21/03	NVDA30CT20.DC	11:28:53	10	B	11:28:53	Executed	9	\$0.75	HLL2P
	08/21/03	NVDA30CT20.DC	11:28:53		B	11:28:53	Executed	1	\$0.75	ABNSE
6	08/23/03	NVDA30CT20.DC	15:34:22	1	S	15:34:25	Executed	1	\$0.75	ABNSE
	08/23/03	NVDA30CT20.DC	15:34:25	10	B	15:34:25	Executed	9	\$0.75	HLL2P
	08/23/03	NVDA30CT20.DC	15:34:25		B	15:34:25	Executed	1	\$0.75	ABNSE
7	08/23/03	NVDA30CT20.DC	15:35:24	1	S	15:34:27	Executed	1	\$0.75	ABNSE
	08/23/03	NVDA30CT20.DC	15:35:27	10	B	15:34:27	Executed	9	\$0.75	HLL2P
	08/23/03	NVDA30CT20.DC	15:35:27		B	15:34:27	Executed	1	\$0.75	ABNSE
8	08/26/03	NVDA30CT20.DC	10:28:40	1	S	10:28:42	Executed	1	\$0.55	ABNSE
	08/26/03	NVDA30CT20.DC	10:28:42	10	B	10:28:42	Executed	9	\$0.55	HLL2P
	08/26/03	NVDA30CT20.DC	10:28:42		B	10:28:42	Executed	1	\$0.55	ABNSE
9	08/26/03	NVDA30CT20.DC	10:31:13	1	S	10:31:15	Executed	1	\$0.55	ABNSE
	08/26/03	NVDA30CT20.DC	10:31:15	10	B	10:31:15	Executed	9	\$0.55	HLL2P
	08/26/03	NVDA30CT20.DC	10:31:15		B	10:31:15	Executed	1	\$0.55	ABNSE
10	08/27/03	JPM30CT135.DC	13:02:51	1	S	13:02:53	Executed	1	\$0.85	ABNSE
	08/27/03	JPM30CT135.DC	13:02:53	10	B	13:02:53	Executed	9	\$0.85	BSCSP
	08/27/03	JPM30CT135.DC	13:02:53		B	13:02:53	Executed	1	\$0.85	ABNSE
11	08/27/03	JPM30CT135.DC	13:03:16	1	S	13:03:19	Executed	1	\$0.85	ABNSE
	08/27/03	JPM30CT135.DC	13:03:19	10	B	13:03:19	Executed	9	\$0.85	BSCSP
	08/27/03	JPM30CT135.DC	13:03:19		B	13:03:19	Executed	1	\$0.85	ABNSE
12	08/27/03	JPM30CT135.DC	13:03:52	1	S	13:03:54	Executed	1	\$0.85	ABNSE
	08/27/03	JPM30CT135.DC	13:03:54	10	B	13:03:54	Executed	9	\$0.85	BSCSP
	08/27/03	JPM30CT135.DC	13:03:54		B	13:03:54	Executed	1	\$0.85	ABNSE
13	11/03/03	UFR3NOV20.OCX	10:12:48	1	S	10:12:51	Executed	1	\$0.25	ABNSE
	11/03/03	UFR3NOV20.OCX	10:12:51	10	B	10:12:51	Executed	9	\$0.25	DRKBP
	11/03/03	UFR3NOV20.OCX	10:12:51		B	10:12:51	Executed	1	\$0.25	ABNSE
14	11/03/03	UFR3NOV20.OCX	10:13:49	1	S	10:13:43	Executed	1	\$0.25	ABNSE
	11/03/03	UFR3NOV20.OCX	10:13:43	10	B	10:13:43	Executed	9	\$0.25	DRKBP
	11/03/03	UFR3NOV20.OCX	10:13:43		B	10:13:43	Executed	1	\$0.25	ABNSE

Instigence	Trade Date	EA#	Event Symbol	Order Entry Time	Order Qty	Revised	Report Time	Disposition	Volume	Price	Contn	Instn Bkft	Change to Inside	Advantageous Price Gain
1	06/18/03	ABNSE	FCEB30CT10.0C	11:03:36	1	S	11:03:41	Executed	1	\$1.05	ABNSE	1-1.10	1-1.05	46
	06/18/03	ABNSE	FCEB30CT10.0C	11:03:41	10	B	11:03:41	Executed	9	\$1.06	MGSBP			
	06/18/03	ABNSE	FCEB30CT10.0C	11:03:41	10	B	11:03:41	Executed	1	\$1.05	ABNSE			
2	06/18/03	ABNSE	FCEB30CT10.0C	11:18:35	1	S	11:18:37	Executed	1	\$1.10	ABNSE	1.05-1.25	1.05-1.10	135
	06/18/03	ABNSE	FCEB30CT10.0C	11:18:37	10	B	11:18:37	Executed	9	\$1.10	MGSBP			
	06/18/03	ABNSE	FCEB30CT10.0C	11:18:37	10	B	11:18:37	Executed	1	\$1.10	ABNSE			
3	06/18/03	ABNSE	WDA3SEP17.80C	15:36:03	1	S	15:36:05	Executed	1	\$1.15	ABNSE	1.10-1.20	1.10-1.15	45
	06/18/03	ABNSE	WDA3SEP17.80C	15:36:05	10	B	15:36:05	Executed	9	\$1.15	HIL2P			
	06/18/03	ABNSE	WDA3SEP17.80C	15:36:05	10	B	15:36:05	Executed	1	\$1.15	ABNSE			
4	06/18/03	ABNSE	WDA3SEP17.80C	15:41:43	1	S	15:41:45	Executed	1	\$1.15	ABNSE	1.10-1.20	1.10-1.15	45
	06/18/03	ABNSE	WDA3SEP17.80C	15:41:45	10	B	15:41:45	Executed	9	\$1.15	HIL2P			
	06/18/03	ABNSE	WDA3SEP17.80C	15:41:45	10	B	15:41:45	Executed	1	\$1.15	ABNSE			
5	06/21/03	ABNSE	WDA30CT20.0C	11:28:51	1	S	11:28:53	Executed	1	\$0.75	ABNSE	70-80	70-75	45
	06/21/03	ABNSE	WDA30CT20.0C	11:28:53	50	B	11:28:53	Executed	9	\$0.75	HIL2P			
	06/21/03	ABNSE	WDA30CT20.0C	11:28:53	50	B	11:28:53	Executed	1	\$0.75	ABNSE			
6	06/25/03	ABNSE	WDA30CT20.0C	15:34:22	1	S	15:34:25	Executed	1	\$0.75	ABNSE	70-80	70-75	45
	06/25/03	ABNSE	WDA30CT20.0C	15:34:25	10	B	15:34:25	Executed	9	\$0.75	HIL2P			
	06/25/03	ABNSE	WDA30CT20.0C	15:34:25	10	B	15:34:25	Executed	1	\$0.75	ABNSE			
7	06/25/03	ABNSE	WDA30CT20.0C	15:35:24	1	S	15:34:27	Executed	1	\$0.75	ABNSE	70-80	70-75	45
	06/25/03	ABNSE	WDA30CT20.0C	15:35:27	10	B	15:34:27	Executed	9	\$0.75	HIL2P			
	06/25/03	ABNSE	WDA30CT20.0C	15:35:27	10	B	15:34:27	Executed	1	\$0.75	ABNSE			
8	06/26/03	ABNSE	WDA30CT20.0C	10:28:40	1	S	10:28:42	Executed	1	\$0.55	ABNSE	80-90	80-85	45
	06/26/03	ABNSE	WDA30CT20.0C	10:28:42	10	B	10:28:42	Executed	9	\$0.55	HIL2P			
	06/26/03	ABNSE	WDA30CT20.0C	10:28:42	10	B	10:28:42	Executed	1	\$0.55	ABNSE			
9	06/26/03	ABNSE	WDA30CT20.0C	10:31:13	1	S	10:31:15	Executed	1	\$0.55	ABNSE	80-90	80-85	45
	06/26/03	ABNSE	WDA30CT20.0C	10:31:15	10	B	10:31:15	Executed	9	\$0.55	HIL2P			
	06/26/03	ABNSE	WDA30CT20.0C	10:31:15	10	B	10:31:15	Executed	1	\$0.55	ABNSE			
10	06/27/03	ABNSE	WDA30CT20.0C	13:02:51	1	S	13:02:53	Executed	1	\$0.65	ABNSE	80-90	80-85	45
	06/27/03	ABNSE	WDA30CT20.0C	13:02:53	10	B	13:02:53	Executed	9	\$0.65	BSCBP			
	06/27/03	ABNSE	WDA30CT20.0C	13:02:53	10	B	13:02:53	Executed	1	\$0.65	ABNSE			
11	06/27/03	ABNSE	WDA30CT20.0C	13:10:18	1	S	13:03:19	Executed	1	\$0.65	ABNSE	80-90	80-85	45
	06/27/03	ABNSE	WDA30CT20.0C	13:10:18	10	B	13:03:19	Executed	9	\$0.65	BSCBP			
	06/27/03	ABNSE	WDA30CT20.0C	13:10:18	10	B	13:03:19	Executed	1	\$0.65	ABNSE			
12	06/27/03	ABNSE	WDA30CT20.0C	13:03:52	1	S	13:03:54	Executed	1	\$0.65	ABNSE	80-90	80-85	45
	06/27/03	ABNSE	WDA30CT20.0C	13:03:54	10	B	13:03:54	Executed	9	\$0.65	BSCBP			
	06/27/03	ABNSE	WDA30CT20.0C	13:03:54	10	B	13:03:54	Executed	1	\$0.65	ABNSE			
13	11/03/03	ABNSE	UAFRNOV20.0CX	10:12:48	1	S	10:12:51	Executed	1	\$0.25	ABNSE	20-35	20-25	98
	11/03/03	ABNSE	UAFRNOV20.0CX	10:12:51	10	B	10:12:51	Executed	9	\$0.25	DRGCP			
	11/03/03	ABNSE	UAFRNOV20.0CX	10:12:51	10	B	10:12:51	Executed	1	\$0.25	ABNSE			
14	11/03/03	ABNSE	UAFRNOV20.0CX	10:13:40	1	S	10:13:43	Executed	1	\$0.25	ABNSE	20-35	20-25	99
	11/03/03	ABNSE	UAFRNOV20.0CX	10:13:43	10	B	10:13:43	Executed	9	\$0.25	DRGCP			
	11/03/03	ABNSE	UAFRNOV20.0CX	10:13:43	10	B	10:13:43	Executed	1	\$0.25	ABNSE			