

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000323702**

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REGISTRATION & DISCLOSURE

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

RE: Clark A. Reinhard, Respondent
General Securities Representative
[CRD No. 2224876]

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Clark A. Reinhard 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

Clark A. Reinhard entered the securities industry in January 1992. He was registered with Thomas Group Capital as a General Securities Representative from October 2002 to February 2005. He is currently registered with another FINRA member. He is subject to FINRA's jurisdiction for this proceeding, pursuant to the FINRA By-Laws. Clark A. Reinhard has not previously been the subject of a formal disciplinary action by any regulatory body.

OVERVIEW

Clark A. Reinhard sold interests in a hedge fund through a private placement memorandum that was false and misleading and through a sales brochure that did not

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comport with FINRA's standards for communications with the public. In addition, he entered into settlement agreements with three customers of the hedge fund, which agreements contained overly restrictive confidentiality clauses. For this conduct, Reinhard is being suspended from association in any capacity with any FINRA member for three months.

FACTS AND VIOLATIVE CONDUCT

1. In October 2002, Reinhard and others created the RSR Pinnacle Fund L.P. ("Pinnacle"), a hedge fund. RSR Management, LLC, of which Reinhard was a managing member, served as the general partner of Pinnacle. Beginning in November 2002, Reinhard sold interests in Pinnacle, using a private placement memorandum (PPM) and subscription documents. Thirty-nine investors invested a total of \$4,770,408.10 in Pinnacle in 2002 and 2003.

The PPM for Pinnacle stated that the managing members of RSR Management had invested a substantial portion of their net worth in Pinnacle. That statement was false and misleading because Reinhard had made no investment in Pinnacle. Only one of three managing members invested in Pinnacle.

The Pinnacle PPM also stated that RSR Management would pay all of the overhead expenses incurred in its operations, as well as the operating expenses of Pinnacle. This was false and misleading because there was no disclosure that RSR Management did not have the financial wherewithal to pay for its own operations, and that in fact it would borrow from Pinnacle to support its own operations. In January 2004, RSR Management borrowed \$50,000 from Pinnacle to cover operating expenses.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Clark A. Reinhard.

2. In connection with the sale of interests in Pinnacle, Reinhard also used a marketing brochure. The brochure failed to provide a sound basis for evaluating a potential investment in Pinnacle, in violation of NASD Rule 2210(d)(1)(A), by relegating the material risk disclosure to small type in the "Notes" section of a Fund Fact Sheet, and by failing to explain that the hypothetical returns given for Pinnacle did not reflect applicable fees and charges.

Hypothetical returns given for Pinnacle in the brochure created a false and misleading track record for the fund, in violation of NASD Rule 2210(d)(1)(B).

The brochure compared hedge funds and mutual funds but presented an incomplete and unbalanced comparison of the two products, in violation of NASD Rule 2210(d)(2)(B).

The brochure failed to disclose the name of Thomas Group Capital, in violation of NASD Rule 2210(d)(2)(c)(i).

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2210 and 2110 by Clark A. Reinhard.

3. In January 2004, Reinhard, acting as a representative of RSR Management and of Pinnacle, entered into settlement agreements with three investors in Pinnacle. These settlement agreements stated that the investors desired to withdraw as limited partners of Pinnacle and to release Pinnacle, RSR Management, and others, including RSR Management's members, from any further liability. The settlement agreements each contained a confidentiality clause requiring each of the investors to keep the terms of the release strictly confidential and to not disclose the terms to any third party other than the investors' attorneys. The agreements contained no provision allowing the investors to discuss the terms of the settlement with FINRA and its representatives or with other regulators.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Clark A. Reinhard.

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

A ten-week suspension from association with any FINRA member in any capacity. Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against us;
- 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 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 prejudice 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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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 NASD Rule 9216;

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and Consent
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- 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 NASD Rule 8310 and IM-8310-3; 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.

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.

Oct. 25, 2007
Date

Clark A. Reinhard
Clark A. Reinhard, Respondent
General Securities Representative

Reviewed by:

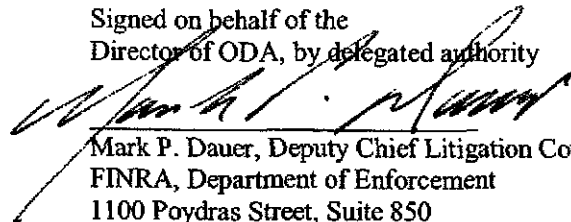
Counsel for Respondent

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Accepted by FINRA:

20 Nov. 2007
Date

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



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