

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000879301

TO: Department of Enforcement
NASD

RE: Stephan "Skip" Boruchin, Respondent
General Securities Representative, General Securities Principal, Financial and
Operations Principal
CRD No. 1201115

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent Stephan "Skip" Boruchin 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 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 Enforcement 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 Respondent'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

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- 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 allegation in this AWC or creating 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:

Stephan "Skip" Boruchin entered the securities industry in 1983, and was first registered as a General Securities Representative with an NASD member firm in October 1983. Boruchin was associated with Legacy Trading Company, Inc. ("Legacy") from May 2001 to March 2006. At all times relevant to this AWC, Boruchin was registered with NASD as a General Securities Representative, General Securities Principal, and Financial and Operations Principal for Legacy in Edmond, Oklahoma.

Boruchin's relevant disciplinary history with NASD includes the following actions. In June 2000, Boruchin was censured and fined \$15,000 for entering a customer buy order when his member firm had been restricted to only liquidating transactions, failing to disclose the restrictions to the firms involved, denying any knowledge of the buy order at issue, and for failing to report his bankruptcy or bankruptcy discharge within the allowed time frame. In December 2005, Boruchin was fined \$7,500, jointly and severally with Legacy, for engaging in securities business when the firm had less than the minimum net capital required, not notifying NASD that the firm was below its minimum net capital, and filing an inaccurate FOCUS Part IIA Report.

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

Respondent 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. On two occasions in 2005, Boruchin provided, or caused to be provided, false information to NASD. In December 2004, \$300,000 was deposited into Legacy's clearing account. Shortly thereafter, staff in NASD's District 5 office asked Boruchin to identify the source of the funds used to make the deposit. Boruchin responded that the money came to him as the result of an inheritance. Subsequently, in a letter dated September 8, 2005, NASD staff asked Legacy, this time pursuant to Rule 8210, to identify the source of the funds used for that deposit. In a response letter dated October 6, 2005 on Boruchin's behalf, counsel for Boruchin stated that the funds were a "gift" from Boruchin's family. Both of these responses were false. In November 2005, Boruchin submitted a signed statement to NASD staff admitting that the funds were in fact a loan from an individual he identified as "a personal friend for the past 15 years."
2. Boruchin also failed to provide documents and testimony to NASD staff during the course of investigation. In March 2006, NASD staff requested documents and testimony from Boruchin pursuant to Procedural Rule 8210. Specifically, NASD staff requested copies of monthly account statements and

copies of cancelled checks for a personal bank account in Boruchin's name that appeared to have been used for business purposes by or on Legacy's behalf. Boruchin failed and refused to provide the requested documents, and further failed and refused to appear for scheduled testimony.

3. Boruchin's conduct as set forth in paragraphs 1 and 2 above violates NASD Procedural Rule 8210 and Conduct Rule 2110.
4. Boruchin also engaged in violations of NASD Conduct Rule 3370. Pursuant to NASD Conduct Rule 3370(b)(2), members and persons associated with a member are required to make an affirmative determination that the member can borrow or otherwise obtain securities prior to effecting a short sale in that security. The rule applies to short sales on behalf of customers and non-member broker/dealers, as well as to proprietary short sales for the account of the member firm. If, however, the member firm is registered as a market maker in the security at issue, and is engaged in bona fide market making activities, the affirmative determination requirement does not apply, pursuant to Rule 3370(b)(2)(B).
5. On at least seventeen (17) occasions, Boruchin improperly used the market maker exemption contained in Rule 3370 to avoid compliance with the affirmative determination rule. On those occasions, Boruchin used the market maker exemption while engaging in speculative proprietary trading, including short sales, rather than bona fide market making activity. By doing so, Boruchin violated NASD Conduct Rules 3370 and 2110.

SANCTIONS

Respondent Boruchin consents to the imposition, at a maximum, of the following sanctions:

1. A permanent bar from association with any NASD member firm in all capacities.....

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.

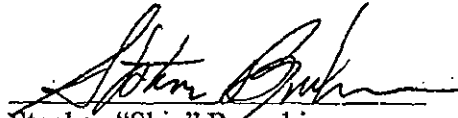
OTHER MATTERS

- A. Respondent understands that 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.)

Respondent certifies that he has read and understand 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 Respondent to submit it.

Date: 11-2-06


Stephan "Skip" Boruchin

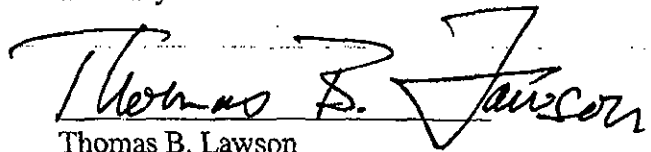
Reviewed by:


Andrew I. Friedman, Esq.
Counsel for Respondent
7900 East Union Avenue, Suite 1100
Denver, CO 80237-2746
(303) 209-0012

Accepted by NASD:

11/16/06
Date

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


Thomas B. Lawson
Chief Counsel
NASD Department of Enforcement
1801 K Street, NW, 8th Floor
Washington, DC 20006