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OCT 17 2005

NASD, INC.

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005000999801

TO: Department of Enforcement
NASD

RE: Jay F. Cheesman, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 2800519

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REGISTRATION & DISCLOSURE

Pursuant to Rule 9216 of NASD Code of Procedure, I [or Respondent] submit 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 me alleging violations based on the same factual findings.

I understand 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 me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - 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. 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 allegation in this AWC or create the impression that the

AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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:

I entered the securities industry in September 1996 as an associated person of a member of NASD and first became registered as an Investment Company and Variable Contracts Products Representative in November 1996. My most recent association with an NASD member terminated in March 2005 and I am not presently associated with a member firm. I have not previously been the subject of disciplinary action.

I.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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, 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 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

- A.** I hereby accept and consent, 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:

Between May 10, 2004, and December 10, 2004, Respondent submitted to his employer-member four requests for reimbursement of business expenses. In connection with these submissions, Respondent sought reimbursement of approximately \$1,575.00 for five purported business expenses; however, these expenses were actually personal expenses for which reimbursement should not have been claimed. Respondent's employer reimbursed the improperly-claimed expenses and Respondent accepted the reimbursements.

Submitting claims that inaccurately characterized personal expenses as business expenses, seeking reimbursement for those expenses and accepting the reimbursements constituted conduct inconsistent with high standards of commercial honor and just and equitable principles of trade. Each instance of such conduct constituted a separate and distinct violation of NASD Conduct Rule 2110 by Respondent.

- B.** I also consent to the imposition, at a maximum, of the following sanctions:

A bar from association with any member of NASD in any capacity.

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.** I understand that if I am barred from associating with any NASD member, I become 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, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar. (See NASD Rule 8310 and IM-8310-1.)

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

10/09/05
Date

Jay F. Cheesman
Jay F. Cheesman, Respondent

Reviewed by:

Counsel for Respondent

Accepted by NASD:

11-10-05
Date

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

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