

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050013986-03**

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REGISTRATION & DISCLOSURE

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

RE: Dennis Ray Thompson Jr., Respondent
Registered Representative
CRD No. 4288230

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Dennis Ray Thompson Jr. ("Thompson Jr." or "Respondent"), submit 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. 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 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

Thompson Jr. first registered with a FINRA member firm in 2000 as Investment Company and Variable Contracts Products Representative. He registered with Wellstone Securities, Inc. ("Wellstone") in December 2002. In June 2003, Thompson Jr. passed the Series 7 examination, and registered as a General Securities Representative. Thompson Jr. left Wellstone in December 2005. He was registered with another FINRA member firm until his registration was terminated on December 4, 2009. He is not currently registered with a FINRA member, however, he remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

FACTS AND VIOLATIVE CONDUCT

1. Beginning in late 2004 and continuing through August 2005, Thompson Jr. offered and sold investments in an unregistered hedge fund called Aurora Investment Fund LLC ("Aurora") and in its general partner, CET, using representations and sales materials that contained materially misleading statements and omissions of fact. Aurora was engaging in a speculative trading strategy involving futures contracts and information supplied by the hedge fund manager, and used recklessly by Thompson Jr. to solicit investors to purchase Aurora and CET, contained materially false and misleading statements and omissions concerning, among other facts, (a) a pending CFTC securities fraud action against the hedge fund manager; (b) the fund's theoretical and unproven performance figures; (c) the speculative nature of Aurora's trading strategy; and (d) the significant risks associated with an investment in Aurora and CET. In total, Thompson Jr. raised approximately \$3.8 million from 26 clients in Aurora and CET between late 2004 and August 2005.
 2. Thompson Jr. solicited investors to purchase Aurora and CET without conducting a reasonable investigation to determine whether Aurora and CET were suitable investments and without regard to whether certain investors were capable of evaluating and bearing the risks associated with such investments.
 3. The conduct described in paragraphs one and two constitute violations of NASD Rules 2110, 2120, 2310 and IM-2310-2.
 4. Thompson Jr. also failed to disclose in writing to Wellstone that he had offered and sold Aurora and CET to non-Wellstone customers, and that he had received compensation from Aurora and CET for those sales. The conduct described in this paragraph constitutes violations of NASD Rules 2110 and 3040.
- B. Respondent also consents to the imposition of the following sanction:

Respondent is suspended from association with any FINRA member in all capacities for a period of two years.

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.

Respondent understands that if barred or suspended from associating with any FINRA member, Respondent 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, Respondent may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See FINRA Rules 8310 and 8311.)

The sanction imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against him;
- B. To be notified of the 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, 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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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

Respondent understands 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 FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against him; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against him;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement 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 FINRA, nor does it reflect the views of FINRA or its staff.

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; that he has 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 him to submit it.

12/14/09
Date


Dennis Ray Thompson Jr.
Respondent

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

12/24/2009
Date

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

Thomas R. Gira 57
Thomas R. Gira
Executive Vice President
Department of Market Regulation