

NASD

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Michael F. Brinlee,
CRD No. 852723

Respondent.

Disciplinary Proceeding
No. 2005001575201

Hearing Officer - DRP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: July 12, 2007

INTRODUCTION

Disciplinary Proceeding No. 2005001575201 was filed on May 23, 2007, by the Department of Enforcement of NASD ("Complainant"). Respondent Michael F. Brinlee submitted an Offer of Settlement ("Offer") to Complainant on July 10, 2007. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of

findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Between July 1992 and January 2005, Respondent was registered as a General Securities Principal, a Municipal Securities Principal, and a Registered Options Principal with Morgan Stanley DW Inc. ("Member"), a member of NASD. Respondent is not currently registered with an NASD member. However, on December 1, 2005, the Member filed an amended Form U-5 disclosing, for the first time, that D.R., in her capacity as co-executor of the estate of S.K., had filed a cause of action against Respondent, alleging among other things that Respondent misappropriated funds from S.K.'s estate. Respondent therefore is subject to the jurisdiction of the NASD, pursuant to Article 5, Section 4 of NASD's By-Laws. He has no prior disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. S.K., a public customer of the Member, died on or about December 12, 2004.
2. On or about January 23, 2004, Respondent and D.R. filed a Petition seeking probate of S.K.'s will.
3. On or about February 12, 2004, pursuant to an Order Probating Will and Appointing Executors, a judge admitted S.K.'s will to probate and appointed Respondent and

D.R. as co-executors of S.K.'s estate.

4. Neither Respondent nor any of his family, including Respondent's daughter, was named as a beneficiary in S.K.'s will.

5. Prior to S.K.'s death, Respondent had authority, pursuant to a General Durable Power of Attorney, to write checks against S.K.'s bank account. The power of attorney was rendered void, as a matter of law, upon S.K.'s death.

6. On or about January 14, 2004, Respondent misappropriated funds from the estate of S.K. by writing a check against S.K.'s bank account in the amount of \$9,045 and made payable to DePauw University, in order to make a tuition payment for the benefit of Respondent's daughter.

Based on the foregoing, Respondent violated NASD Conduct Rule 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be barred from association with any member of the NASD in any capacity.

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 Order by the NAC.

SO ORDERED.

NASD

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

A handwritten signature in cursive script, appearing to read "Dale A. Glanzman", is written over a horizontal line.

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