

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005001735401

TO: *Department of Enforcement*
NASD

RE: Jeffrey Scott Hart, Respondent
[General Securities Representative]
[CRD No. 2286859]

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent Jeffrey Scott Hart ("Hart" or "Respondent") 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
 - 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 create 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 understand 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:

Respondent first became registered with NASD as a General Securities Representative ("GSR") on May 27, 1993 through a member firm and he has been registered with several member firms since that time. From September 17, 2002 through August 25, 2005, he was registered with NASD as a GSR through member firm Westock Advisors, Inc. (BD No. 114338) ("Westrock"). From August 26, 2005 through the present, he has been registered with NASD as a GSR through another member firm.

Respondent does not have any prior disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

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

- 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 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:

From in or around May 2003 through in or around March 2005, while registered with NASD as a GSR through member firm Westrock ("the employer member"), Hart failed to properly disclose an outside brokerage account held in his wife's name at another member firm ("the executing member") over which he had discretionary trading authority. Specifically, prior to opening the outside brokerage account or placing an initial transaction for the purchase or sale of securities through the account, he failed to notify both the employer member, Westrock, and the executing member in writing of his association with the other member. By reason of the foregoing, Hart violated NASD Conduct Rules 3050 and 2110.

- B. Respondent also consents to the imposition, at a maximum, of the following sanctions:
- A suspension from associating with any member firm in any capacity for a period of ten (10) business days; and
 - A fine in the amount of \$2,500.

The sanctions imposed herein shall be effective on a date set by the NASD staff.

III.

OTHER MATTERS

- A. Respondent understands that he may attach a Corrective Action Statement to this AWC, which 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 NASD, nor does it reflect the views of NASD or its staff.
- B. Respondent understands that if he is barred or suspended from association 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.)
- C. Respondent agrees to pay any monetary sanctions imposed on him upon notice that this AWC has been accepted and that such payments are due and payable, and has attached an Election of Payment form showing the method by which he proposes to pay any fine imposed.
- D. Respondent specifically and voluntarily waives any right to claim that he is unable to pay, *now or at any time hereafter, any monetary sanction imposed in this matter*.

Respondent certifies that he has read and understands 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 him to submit it.

7/6/06
Date

Jeffrey Scott Hart
Jeffrey Scott Hart

Reviewed by:

Robert Bely
Counsel for Respondent

Accepted by NASD:

7/26/06
Date

Jon S. Batterman / sb

Jon S. Batterman
Deputy Regional Chief Counsel
Department of Enforcement
NASD, District 10
Two Jericho Plaza
Jericho, New York 11753

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

NASD Deputy District Director
Patricia Cappeto
NASD, District 10
Two Jericho Plaza
Jericho, New York 11753