

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005002154902**

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REGISTRATION & DISCLOSURE

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

RE: Francie Bea Rachal
General Securities Principal
CRD No. 2039587

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Francie Bea Rachal ("Respondent") submits 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 Respondent 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

Francie Bea Rachal entered the securities industry in October 1993 as a General Securities Representative of a member of FINRA (f/k/a NASD). From October 2004 through January 2005, she was registered with member firm The Street, Inc. as, among other things, a General Securities Principal. She is currently registered with another FINRA member firm and she has no disciplinary history for the past five years.

OVERVIEW

Rachal failed to reasonably supervise Darren James Powell, a broker at member firm The Street. Rachal reviewed and approved all of Powell's securities transactions; however, many of these transactions involved customers residing in states where Powell was not licensed to sell securities.

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FACTS AND VIOLATIVE CONDUCT

1. During the period from about November 10, 2004 to about December 16, 2004, Respondent Francie Bea Rachal, while registered with member firm The Street, supervised registered representative Darren James Powell. During the aforementioned period, Powell opened a total of eleven customer accounts and effected one purchase transaction in each account.

Rachal reviewed and approved all of Powell's purchase transactions; however, as early as November 24, 2005, and based on information she had received from her clearing firm, Rachal knew that at least one of Powell's customers had failed to pay for securities Powell had purchased for him. In the weeks that followed, Rachal continued to receive information from her clearing firm concerning non-payment by Powell's customers. By December 2, 2004, Rachal knew that three of Powell's customers had failed to pay for securities Powell had purchased for them. For each transaction, Rachal had to instruct her clearing firm to cancel the transaction and to close the account.

By December 7, 2004, and based on information she had received from her clearing firm, Rachal knew that four of Powell's customers had failed to pay for securities Powell had purchased for them. As with the prior transactions, Rachal had to instruct her clearing firm to cancel the transactions and to close the accounts.

This pattern of non-payment by Powell's customers continued. By no later than December 30, 2004, Rachal realized that none of Powell's eleven customers had paid for the securities Powell had purchased for them. Despite the existence of these red flags, which indicated a pattern of unauthorized trading, Rachal failed to contact any of Powell's customers to ascertain their reasons for non-payment. Rather, she unreasonably relied on Powell's representations that the customers had authorized the transactions. Three of Powell's customers informed FINRA staff that the transactions that Powell had effected for them were unauthorized. Rachal's supervision of Powell was not reasonably designed to detect and prevent his unauthorized trading.

Additionally, during the period described herein, Powell was licensed to sell securities in only two states: New York and Texas; however, nine of the eleven transactions he effected were for customers residing in states other than New York and Texas. Despite the fact that Powell was licensed to sell securities in only two states, Rachal still reviewed and approved all of his securities transactions, including the nine purchase transactions involving customers residing in states where Powell was not licensed to sell securities.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3010 by Respondent Francie Bea Rachael.

- B. Respondent also consents to the imposition of the following sanctions:

A monetary fine of \$5,000 against Respondent Francie Bea Rachael. In addition, Respondent is suspended, in any principal capacity, for a period of ten business days.

Respondent specifically and voluntarily waives any right to claim that she is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. Respondent has submitted an Election of Payment form showing the method by which she proposes to pay the fine imposed.

Respondent understands that if she is barred or suspended from associating with any FINRA member, she 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, she 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 NASD Rule 8310 and IM-8310-1.)

The sanctions 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 Formal Complaint issued specifying the allegations against her;
- 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 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 NASD Rule 9143 or the separation of functions prohibitions of NASD 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 NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; 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 Respondent;
 - 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 NASD Rule 8310 and IM-8310-3; 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

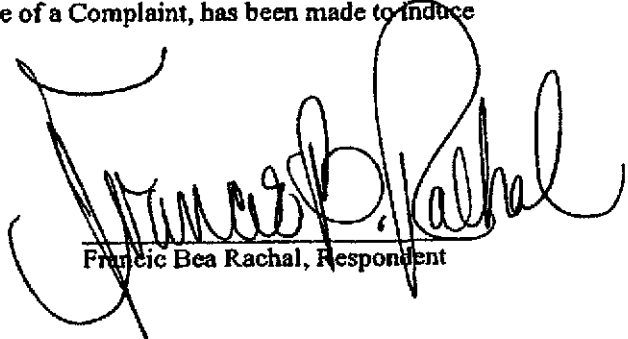
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that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's 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 she 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 she has read and understands all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that she 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 her to submit it.

Date: 1-15-08


Francie Bea Rachael, Respondent

Reviewed by:

Bill Mateja
Counsel for Respondent
Fish & Richardson
1717 Main Street, Suite 5000
Dallas, TX 75201

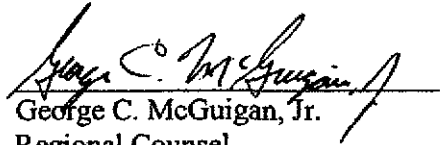
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Accepted by FINRA:

3/17/2008

Date

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



George C. McGuigan, Jr.

Regional Counsel

FINRA Department of Enforcement

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Dallas, Texas 75243

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