

**NASD
OFFICE OF HEARING OFFICERS**

<i>Department of Enforcement,</i>
Complainant
v.
Jason Charles Midgley General Securities Representative CRD No. 4623081
Respondent

Disciplinary Proceeding
No. 2005002411701

Hearing Officer: AWH

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 6, 2007

INTRODUCTION

Disciplinary Proceeding No. 2005002411701 was filed on November 27, 2006, by the Department of Enforcement of NASD ("Complainant"). Respondent Jason Charles Midgley submitted an Offer of Settlement ("Offer") to Complainant on December 28, 2006. 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

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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

Respondent Jason Charles Midgley entered the securities industry in August 2003 as a General Securities Representative with member firm Continental Broker-Dealer Corp. From August 2003 to May 2004, he registered serially with three different NASD member firms. In May 2004, he registered with NASD member firm Barron Moore as a General Securities Representative. On November 29, 2004, Barron Moore discharged Midgley. Since his discharge from Barron Moore, Midgley has not been associated or registered with any NASD member firm. 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

First Cause of Action

During the period from July 2004 to October 2004, Jason Charles Midgley participated in nine private securities transactions involving customers G. J., S. P., and W. T. without providing any notice to Barron Moore, the member firm with which he was registered.

¹ The findings herein are pursuant to Respondent Midgley's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.

Specifically Midgley solicited the three customers to purchase shares of stock in Elaborate Productions, Inc. and CyberZONE, Inc. in the aggregate amount of \$170,000 as follows:

<u>Customer</u>	<u>Security Purchased</u>	<u>Approx. Purchase Date</u>	<u>Amount</u>
G. J.	Elaborate Productions	10/29/04	\$15,000
G. J.	CyberZONE	10/29/04	\$15,000
S. P.	CyberZONE	9/29/04	\$25,000
"	"	"	\$15,000
"	"	11/22/04	\$15,000
S. P.	Elaborate Productions	10/1/04	\$25,000
W. T.	CyberZONE	7/1/2004	\$10,000
"	"	7/28/04	\$30,000
"	"	7/29/04	\$20,000

In connection with recommending the above transactions, Midgley also told the customers to mail their checks directly to CyberZONE and Elaborate Productions and he provided each customer with the address for these two companies. The customers followed Midgley's instructions.

Midgley failed to provide any notice to Barron Moore describing in detail the transactions referenced above, his proposed role in the transactions, and whether he had received or might receive compensation in connection with the above referenced transactions

Second Cause of Action

As referenced above, based on a recommendation from Jason Charles Midgley, customer G. J. invested \$15,000 in CyberZONE and \$15,000 in Elaborate Productions. At the time of her investments, G. J. had no prior investment experience. Her annual income was \$25,000 and her liquid net worth was \$1,000. In order to fund her purchases, she had to obtain a home equity line of credit, a fact which she disclosed to Midgley before she decided to purchase shares in CyberZONE and Elaborate Productions. She was risk adverse and could not afford to lose her investment in either CyberZONE or Elaborate Productions; however, the prospectuses for CyberZONE and Elaborate Productions describe these securities as high risk and only suitable for those investors who could sustain a complete loss of their investment.

Third Cause of Action

By letter dated September 22, 2005, NASD staff requested, pursuant to Procedural Rule 8210, that Jason Charles Midgley provide information to NASD regarding his termination from member firm Barron Moore. The September 22nd letter was sent to Midgley at his CRD home address via certified and regular mail. Midgley was required to provide the requested information no later October 6, 2005.

The regular mailing of the September 22nd letter has never been returned to NASD's Dallas, Texas district office. The return receipt card for the certified mailing was signed and returned to the district office. Midgley never responded to the September 22nd letter.

By letter dated November 3, 2005, NASD staff requested, again pursuant to Rule 8210, that Midgley appear in NASD's Dallas, Texas district office on December 6, 2005 for the purpose of providing on the record testimony. The November 3rd letter was sent to Midgley at his CRD home address via certified and regular mail.

The regular mailing of the November 3rd letter has never been returned to NASD's Dallas, Texas district office. The certified mailing was returned marked "unclaimed."

Midgley never appeared in NASD's Dallas, Texas district office as requested. However, on December 2, 2005, an attorney representing Midgley contacted the NASD Examiner who had sent the November 3rd and stated that Midgley would not appear and provide testimony as requested by NASD

Based on the foregoing, Respondent Midgley violated NASD Conduct Rules 2110 and 3040 as alleged in the First Cause of Action, NASD Conduct Rules 2110 and 2310 as alleged in the Second Cause of Action, and NASD Procedural Rule 8210 and NASD Conduct Rule 2110 as alleged in the Third Cause of Action.

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.

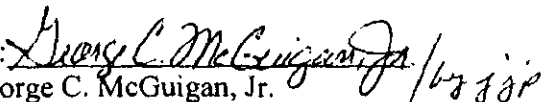
SANCTIONS

It is ordered that Respondent be barred from association with any NASD member 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

By: 
George C. McGuigan, Jr.
Regional Counsel

on behalf of the Director of ODA, pursuant to
delegated authority