

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005002440801

TO: Department of Enforcement
NASD

RE: Alexis J. Rivera, Respondent
General Securities Principal,
General Securities Representative,
and Equity Trader
[CRD No. 1656738]

Pursuant to Rule 9216 of NASD Code of Procedure, Alexis J. Rivera 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 me alleging violations based on the same factual findings.

understand 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 me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my 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

000146345 2006

- d I 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. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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:

Alexis J. Rivera entered the securities industry on May 21, 1987 as a General Securities Representative of The Stuart-James Company, Incorporated, a member of NASD. Alexis J. Rivera, during all periods mentioned herein, was associated with member firm GunnAllen Financial, Inc., and was registered with NASD under Article V of the By-Laws as a General Securities Principal, General Securities Representative, and Equity Trader. Alexis J. Rivera is not currently associated with any member firm and has not previously been the subject of a formal disciplinary action by any regulatory body.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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, I specifically and voluntarily waive 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.

I further specifically and voluntarily waive 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. I hereby accept and consent, 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:

Alexis J. Rivera, head trader of GunnAllen Financial, Inc., engaged in a fraudulent trade allocation, or "cherry picking," scheme during the period from January 2002 through December 2003.

During the relevant period, certain registered representatives of the firm aggregated retail customers' day trading orders and communicated an opening transaction to Rivera by telephone or instant messaging. Rivera, knowing by experience that an opening transaction would be followed the same day by a closing transaction, would work the order in a firm proprietary account, sometimes allocating a first profitable trade to his wife's personal account. For example, on October 8, 2003 at 11:47:22, Rivera received an order to short sell 10,000 of Linear Technology Corporation common stock (LLTC) and executed the trade at 39.40. At 11:47:43, Rivera covered the short position at 39.335 for a profit of \$650 and allocated the trades to his wife's account. Later the same day, at 14:24:33, Rivera again sold short 10,000 shares of LLTC and then covered the position between 15:09:28 and 15:45:45 at an average price of 40.14. He allocated the resulting loss of \$8,200 to the accounts of the customers whose orders comprised the 10,000 share block order.

During the relevant period, Rivera effected 446 buy and 446 sell transactions in his wife's account, most of which were handled in substantially the manner described above. Of these transactions, 91 percent were profitable, earning Rivera's wife \$270,194.

In addition, Rivera failed to give the affected customers best execution.

Such acts, practices, and conduct constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5 thereunder, and NASD Conduct Rules 2120, 2320 and 2110. Rivera also violated NASD Conduct Rule 2110 by violating Section 17(a) of the Securities Act of 1933.

B. also consent to the imposition, at a maximum, of the following sanctions:

A bar of Alexis J. Rivera from association with any member of 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 AWC by the NAC.

III.

OTHER MATTERS

A. I understand that if I am barred or suspended from associating with any NASD member, I become 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, I 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.)

I certify that I have read and understand 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 me to submit it.

11/01/2006 06:23 7727814778

ULTRASTIP

PAGE 05/05

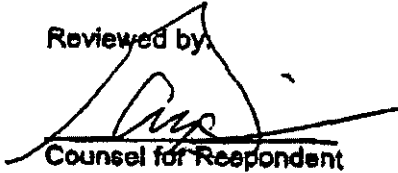
Letter of Acceptance, Waiver,
and Consent
Alexis J. Rivera
Case No. 2005002440801
Page No. 5

11/1/06
Date



Alexis J. Rivera, General Securities
Principal, General Securities
Representative, and Equity Trader

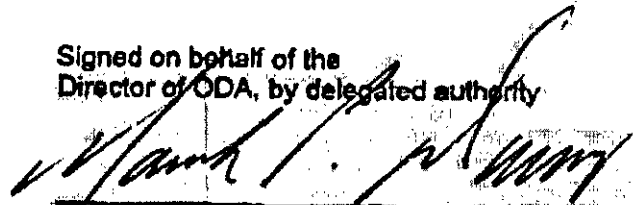
Reviewed by


Counsel for Respondent

Accepted by NASD:

December 8, 2006
Date

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



Mark P. Dauer, Senior Counsel
NASD, District No. 5
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-0802
Phone: 504/522-6527
FAX: 504/522-4077

NASD District Director
Keith E. Hinrichs
NASD, District No. 5
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-0802