

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050033302

TO: Department of Enforcement
NASD

RE: Larry D. Koets, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 1973836

Pursuant to Rule 9216 of NASD Code of Procedure, I, Larry D. Koets, submit 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.

I 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**
 - 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:

Koets obtained his Investment Company Products/Variable Contracts Representative (Series 6) in 1989. From on or about June 18, 1989 through November 18, 2005, Koets was associated with NASD member Waddell & Reed, Inc. as an Investment Company Products/Variable Contracts Representative. Koets is not currently associated with any NASD member and has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

I.

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:**

Between 1995 and 2004, while registered with Waddell and Reed, Koets signed customer D.K.'s name to multiple Account Service Request Forms, without D.K.'s knowledge or consent.

The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Koets.

Between 1995 and 2004, Koets used Account Service Request forms containing customer D.K.'s forged signatures to withdraw approximately \$37,700 from D.K.'s accounts, without her knowledge or authorization.

The aforementioned acts, practices and conduct constitute a misuse of customer funds and separate and distinct violations of NASD Conduct Rules 2330(a) and 2110 by Koets.

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

1. A bar from associating with any NASD member in any capacity.

2. To pay restitution to customer D.K. consistent with the Judgment filed on October 6, 2006, in Case No. 20-06-18165, in the Circuit Court of the State of Oregon for Lane County ("the Judgment"). I understand that I must demonstrate to NASD that I have complied with the Judgment prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions against me to obtain restitution or other remedies. If for any reason I cannot locate customer D.K. after reasonable and documented efforts within such period, or such additional period agreed to by the staff, I shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

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

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.)
- B. I agree to pay any monetary sanctions, including restitution, imposed in this matter prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding; and
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction, including restitution, imposed in this matter.

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.

1/22/2007
Date

Larry D. Koets
Larry D. Koets
Respondent

Accepted by NASD:

2/1/07
Date

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

Joel Kornfeld
Joel T. Kornfeld, Regional Counsel
NASD Department of Enforcement
300 S. Grand Avenue, Suite 1600
Los Angeles, CA 90071
Phone: (213) 613-2643

NASD District Director
Michael E. Lewis, District Director
NASD, District 3B
Two Union Square
601 Union Street, Suite 1616
Seattle, WA 98101-2327
(206) 624-0790