

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2005003468701**

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REGISTRATION & DISCLOSURE

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

RE: Henry P. Nemanich, Respondent
General Securities Principal
General Securities Representative
Investment Company Products/Variable Contracts Representative
CRD No. 2214298

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Henry P. Nemanich, submit 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 me alleging violations based on the same factual findings described herein.

I.

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 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

On January 31, 1992, Nemanich entered the securities industry and became associated with a member of FINRA (f/k/a National Association of Securities Dealers or NASD), until July 1, 1994. From June 27, 1994 through December 5, 2005, Nemanich was associated with Jefferson Pilot Securities Corporation (JPSC), a member of FINRA, as a General Securities Principal, General Securities Representative and Investment Company Products/Variable Contracts Representative. Nemanich is not currently associated with any FINRA member.

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RELEVANT PRIOR DISCIPLINARY HISTORY

On September 26, 2006, Nemanich consented to a Final Order issued by the State of Florida, Office of Financial Regulation, in Administrative Proceeding Number 0289-S-8/06, for effecting transactions in securities or investments that were not recorded on the regular books or records of JPSC and that were not disclosed to, and authorized in writing by, JPSC prior to execution of the transactions, in violation of the Florida Administrative Code. Nemanich agreed to cease and desist from any and all violations of Chapter 517, Florida Statutes, and the rules promulgated thereunder. Nemanich also agreed not to sell securities into or from Florida, nor seek registration as an associated person of any dealer or investment adviser in the State of Florida for a period of ten years.

OVERVIEW

While associated with JPSC, Nemanich: (1) misused customers funds raised from private securities transactions; (2) engaged in private securities transactions without providing prior notice to, and receiving prior approval from, his firm; (3) improperly borrowed money from a customer of JPSC; and (4) failed to respond to FINRA's request for information and documents made pursuant to Procedural Rule 8210.

FACTS AND VIOLATIVE CONDUCT BY RESPONDENT

I. Misuse of Customer Funds

- a. From in or about March 2005 through December 2005, Nemanich, while associated with JPSC, sold limited liability limited partnership interests in Private Investment Partners, LLLP (PIP) to four JPSC customers, totaling approximately \$4.1 million. Nemanich acted as the manager of Private Investment General Partner, LLC, which operated as the sole general partner of PIP. In this capacity, he controlled PIP's bank account.
- b. The private placement memorandum that investors received in connection with their investments in PIP represented that the proceeds of the offering would be deposited into an account for the benefit of the partnership. According to the private placement memorandum, PIP intended to apply the proceeds in furtherance of its objective to seek capital appreciation through the acquisition, ownership and disposition of both equity and debt securities of primarily privately held companies.

- c. Between March 23, 2005 and September 12, 2005, in contravention of the terms of the private placement memorandum, Nemanich wired approximately \$2,665,000 of customer funds from PIP's bank account to Nemanich's personal checking account.
- d. By diverting customer funds to Nemanich's personal checking account, Nemanich used the proceeds in a manner contrary to the representations made to the customers in the private placement memorandum.
- e. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2330 and 2110 by Nemanich.

2. Private Securities Transactions

- a. From in or about March 2005 through December 2005, Nemanich, while associated with JPSC, participated in private securities transactions for compensation by selling limited liability limited partnership interests in PIP to four customers, totaling approximately \$4.1 million, without providing prior written notice to, and receiving prior written approval from, JPSC in conformance with Conduct Rule 3040.
- b. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 3040 and 2110 by Nemanich.

3. Borrowing from a Customer

- a. On or about May 1, 2003, while associated with JPSC, Nemanich borrowed \$2.8 million from a customer of the firm who was in her 70s at the time. The loan was unsecured. According to a written payment schedule, Nemanich was to repay the customer principal and interest (at a rate of 4.93 percent) in monthly installments from June 1, 2003 through November 1, 2013. As of March 2005, Nemanich stopped making monthly installment payments on the loan.
- b. The aforementioned acts, practices and conduct constitute a violation of NASD Conduct Rule 2110 by Nemanich.

4. Failure to Provide FINRA with Information and Documents

- a. On December 15, 2005, FINRA sent Nemanich a written request for information and documents relevant and necessary to its investigation into Nemanich's outside business activities, conducted without prior firm approval, while he was associated with JPSC.
- b. This request was made pursuant to and in accordance with NASD Procedural Rule 8210. Nemanich received actual notice of this request.
- c. Responses to this request were due from Nemanich by December 29, 2005.
- d. Nemanich did not provide any documents or information in response to FINRA's request. By letter dated December 29, 2005, Nemanich's counsel informed FINRA that Nemanich would not respond to the staff's request for information and documents.
- e. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 and NASD Conduct Rule 2110 by Nemanich.

B. I consent to the imposition of the following sanctions:

A bar from associating with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA 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 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. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA'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 National Adjudicatory Council ("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 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

I understand 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;

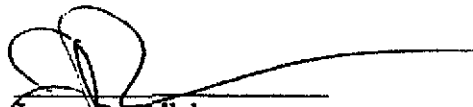
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. 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. I 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 my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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; that I have 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 me to submit it.

10-71-02
Date


Henry P. Nemanich

Reviewed by:


James D. Sallah
Counsel for Respondent
Klein & Sallah, LLC
2101 NW Corporate Blvd., Suite 216
Boca Raton, FL 33431
(561) 989-9080

Accepted by FINRA:

November 29, 2007
Date

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


Jill L. Jablonow
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