

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006003761701

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: Coker & Palmer, Respondent
[CRD No. 29163]

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent, Coker & Palmer, 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 us alleging violations based on the same factual findings.

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

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this provision affects our testimonial obligations or right to take legal or factual positions in litigation or other proceedings in which NASD is not a party.

We also understand that our 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:

Coker & Palmer has been a member of NASD since December 10, 1991. During all periods mentioned herein, Coker & Palmer was a registered broker-dealer with the United States Securities and Exchange Commission and a member of NASD, which registration and membership remain currently in effect. Coker & Palmer has not within the past five years been the subject of any relevant formal disciplinary action by any regulatory body.

I.

WAIVER OF PROCEDURAL RIGHTS

We 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 us;
- 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, we 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.

We 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. We hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding in which NASD is a party, prior to a hearing and without adjudication of any issue of law or fact, to the entry of the following findings by NASD:

1. During the period March 14, 2006 through October 10, 2006, Coker & Palmer issued twenty-seven research reports, fourteen of which did not contain any disclosure concerning the risks that may impede achievement of the price target. The remaining thirteen research reports issued during this period contained price-target risk disclosures; however, the disclosures were not presented in the form required.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110, 2711(h)(7) and 2711(h)(10) by Coker & Palmer.

2. During the period March 14, 2006 through October 10, 2006, Coker & Palmer issued fifteen research reports that failed to disclose the percentage of all securities rated by the Firm to which it had assigned a buy, hold or sell rating and the percentage of subject companies within each category for which the Firm had provided investment banking services within the preceding twelve-month period.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2711(h)(5)(A) and (B) by Coker & Palmer.

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

A censure and a monetary fine in the amount of \$10,000 to be assessed against Coker & Palmer.

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

III.

OTHER MATTERS

- A. We understand that we may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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 NASD, nor does it reflect the views of NASD or its staff.
- B. We agree to pay any monetary sanctions imposed on us upon notice that this AWC has been accepted and that such payments are due and payable as noted above and have attached an Election of Payment form showing the method by which we propose to pay any fine imposed.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

We certify that we 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 us to submit it.

3/22/07
Date

Coker & Palmer

By: David Coker
David Coker, pres.
[Name and Title]

Accepted by NASD:

4/3/07
Date

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

Mark Fernandez
Mark Fernandez,
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NASD District Director
Keith E. Hinrichs
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Attachment: Election of Payment Form

Statement of Corrective Action

During the course of an NASD examination conducted at our office, it was discovered by the NASD examiner that for the period March 14, 2006 to October 10, 2006, our firm had failed to provide adequate disclosures in two areas:

- 1) We had either failed to provide any disclosure concerning risk to price target or provided such risk to price target disclosure in an improper format.
- 2) We had failed to disclose the percentage of all securities rated by the firm to which we had assigned a buy, hold, or sell rating and related investment banking services disclosures.

As demonstrated to staff and as disclosed in our response dated November 7, 2006, we took immediate steps to correct these deficiencies. The field work performed by the examiner was completed on October 26, 2006. In a research report published November 2, all disclosures pertaining to risk to price target and percentage buy, hold, sell rated securities had been made and have been made ever since.

This Corrective Action Statement is submitted by Respondent. It does not constitute factual or legal finding by NASD, nor does it reflect the views of NASD, or its staff.