

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006004151201

TO: Department of Enforcement
NASD

RE: Kenneth Duane Feldhacker, Respondent.
CRD No. 1801281

Pursuant to Rule 9216 of NASD Code of Procedure, I 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 allegation 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:

Kenneth Duane Feldhacker ("Feldhacker") first became associated with an NASD member in 1988. From February 1988 through January 2006, Feldhacker was associated with NASD member Ameriprise Financial Services, Inc. ("Ameriprise") where he held Series 7 and 63 licenses. Feldhacker is not presently associated with a member firm.

In 2006, Feldhacker consented to the entry of Decision No. 68940 – Order to Cease and Desist, Order of Revocation, Order for Administrative Penalties and Consent to Same - in Docket No. S-20469A-06-0527 before the Arizona Corporation Commission. That proceeding also pertained to the conduct that is the subject of this AWC. Besides the proceeding before the Arizona Corporation Commission, Feldhacker has no relevant disciplinary history with the Securities and Exchange Commission, NASD, other self-regulatory organizations or state regulators.

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:

1. Conduct Inconsistent with Standards of Commercial Honor and Just and Equitable Principles of Trade

- a. In January 2000, Feldhacker opened a joint Ameriprise brokerage account with a customer, LG (the "Joint Account"). When completing the account application, Feldhacker falsely represented that LG was a relative. Ameriprise's policies and procedures prohibit registered representatives from opening joint accounts with a customer unless the customer is a family member. Customer LG did not authorize or otherwise consent to Feldhacker opening the joint account. In fact, at all material times, LG was unaware of the Joint Account's existence.
- b. From January 2000 through December 2005, Feldhacker forged the names of seven customers on various account documents, including transfer forms, annuity surrender forms, and used blank forms signed by the customers to withdraw funds from seven customer accounts. In brief, by forging customer signatures, Feldhacker initiated redemptions in the accounts belonging to the seven effected customers and transferred money from mutual funds, variable and fixed annuities, and/or life insurance accounts to the Joint Account. The forgeries were committed without the knowledge or consent of the seven customers. Similarly, the withdrawals were made without the customers' knowledge or consent.
- c. The foregoing acts, practices and conduct constitute separate and distinct violations of Conduct Rule 2110 by Feldhacker.

2. Conversion of Customer Funds

- a. From January 2000 through December 2005, Feldhacker made approximately 93 unauthorized and fraudulent withdrawals and transfers from the seven customer accounts to the Joint Account, as more fully set forth in paragraph 1, above. The withdrawals and transfers ranged from approximately \$500 to in excess of \$18,000 and totaled in excess of \$250,000. Feldhacker converted these funds for his own use and benefit.
- b. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2330(a) and 2110 by Feldhacker.

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

A bar 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 AWC by the NAC.

III. OTHER MATTERS

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.

01-25-2007
Date


Kenneth Duane Feldhacker, Respondent

Reviewed by:

Alan S. Baskin, Esq.
Counsel for Respondent

Accepted by NASD:

Date: 2/15/07

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



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