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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060042907-02**

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

RE: Mr. Peter D. Kelly (CRD No. 4089029)


Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, I, Peter D. Kelly ("Respondent" or "Kelly"), 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:

SUMMARY

Kelly, while employed in the loan syndication department of Calyon Securities (USA) Inc., engaged in insider trading by communicating material, nonpublic information relating to a pending merger to three friends in breach of a duty owed to the target company in the merger, Duratek, Inc., ("Duratek"), and to his employer.

On February 1, 2006, the same day that Kelly learned of a pending merger between Duratek and EnergySolutions LLC, and six days before the merger's public announcement, Kelly placed telephone calls to three friends. Following the calls from Kelly, two of these friends bought shares of Duratek before the merger's public announcement on February 7, 2006. The third friend did not purchase shares directly, however, eight brokerage accounts held in the names of relatives and acquaintances of this friend purchased Duratek shares before the merger announcement on February 7th.

As a result of the foregoing conduct, Kelly violated Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5, and NASD Conduct Rules 2110 and 2120.

BACKGROUND

Kelly, age 42, joined the securities industry in 1999 when he became registered with Calyon Securities (USA) Inc. ("Calyon"), as a general securities representative. From 1999 through 2006, Kelly worked in Calyon's loan syndication department. Kelly has no relevant disciplinary history.

Duratek, Inc. Before the completion of its acquisition in June 2006 by EnergySolutions, LLC, Duratek was a publicly-traded company engaged in the business of nuclear waste disposal. Duratek's shares were traded on Nasdaq at the time of the merger announcement in February 2006.

EnergySolutions LLC During the period relevant to this AWC, EnergySolutions LLC was a privately-held company engaged in the business of nuclear waste treatment and disposal ("EnergySolutions").¹

FACTS AND VIOLATIVE CONDUCT

In June 2000, Calyon had required Kelly to affirm in writing that he understood that he owed a duty of loyalty to Calyon's clients and that he was prohibited from misusing or disclosing any "material non-public (inside) information and other confidential and proprietary information" entrusted to him or to Calyon.

In February 2006, Kelly was the Head of Sales and Trading in the loan syndication department at Calyon. Kelly's involvement in loan transactions routinely exposed him to material, non-public information about Calyon's clients, including Duratek and EnergySolutions.

Events Preceding the February 7, 2006 Merger Announcement

Both Duratek and EnergySolutions were clients of Calyon. Kelly had worked on financing transactions for Duratek and for EnergySolutions in the recent years preceding the 2006 merger between the companies.

Negotiations between Duratek and EnergySolutions regarding a potential business combination took place during the fall of 2005, culminating in EnergySolutions's confidential proposal on November 22, 2005 to acquire all outstanding shares of Duratek for \$22 per share in cash. By January 31, 2006, Duratek and EnergySolutions had finalized the essential terms of a merger agreement. The parties signed the agreement on the evening of February 6th, and the merger was announced before the market opened on

¹ EnergySolutions was formally known as EnviroCare of Utah, LLC but changed its name shortly before the February 7, 2006 merger announcement. The company is referred to as EnergySolutions in this AWC.

February 7, 2006. Following the announcement, Duratek's share price increased \$3.79, or 17%, from its last sale price to \$21.29, on volume of 3.6 million shares.

Kelly Learned About the Merger a Week before its Public Announcement

On the morning of February 1, 2006, Kelly had just returned to Calyon from a business trip to Las Vegas. MK approached Kelly with an "urgent" task. MK told Kelly of EnergySolutions's plan to announce the signing of a merger agreement with Duratek. Later that same day, Kelly relayed the information to his staff, cautioning them that the information was "material" and "non-public."

Kelly Tipped Three Friends in Telephone Calls on February 1st

Kelly remained at his Manhattan office at Calyon on Wednesday, February 1st until at least 6:18 p.m. Less than a half-hour later, Kelly began placing telephone calls to three friends.

At 6:43 p.m. on February 1, 2006, Kelly placed a phone call from his car to "Friend No. 1." The following day, February 2, 2006, Friend No. 1 placed a brokerage account order to purchase 30 shares of Duratek. The order was executed on February 3, 2006.

Later on the same evening of February 1, 2006, at 8:15 p.m., Kelly called a second friend ("Friend No. 2"). On February 2, 2006, the day after Friend No. 2 received the call from Kelly, Friend No. 2 began buying blocks of Duratek shares through two accounts, accumulating 13,000 shares on February 2nd alone. On Monday, February 6, 2006, Friend No. 2 added another 1,000 shares of Duratek to his position, bringing his total purchases in the two accounts to 14,000 shares.

On February 7, 2006, following the merger announcement, Friend No. 2 sold 11,000 of the 14,000 Duratek shares in the two accounts. He sold his remaining shares of Duratek on February 9, 2006, and February 14, 2006. Friend No. 2's total profits from the sale of Duratek shares in the above two accounts amounted to \$57,400.

Within minutes of his call to Friend No. 2 on the evening of February 1st, Kelly placed two calls to a third friend ("Friend No. 3") at 8:14 p.m. After Kelly called Friend No. 3 on February 1st, eight brokerage accounts held in the names of relatives and acquaintances of Friend No. 3 purchased shares of Duratek in the days immediately preceding the announcement of the merger.

Profits from the sales of Duratek shares immediately following the merger announcement in all eleven accounts described above amounted to \$66,500.

Based on the conduct described above, Kelly violated Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5, and NASD Conduct Rules 2110 and 2120.

- B. I also consent to the imposition of the following sanction:

Respondent Kelly shall be barred from association 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 sanction imposed herein shall be effective on a date set by FINRA staff.

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:

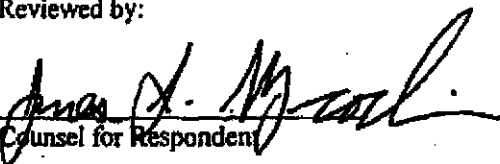
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not 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.

8/1/08
Date


Peter D. Kelly

Reviewed by:


Counsel for Respondent

Accepted by FINRA:

8/13/08
Date

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


Cameron K. Funkhouser
Senior Vice President
Department of Market Regulation