

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006004774901

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: Ralph C. Lewis, Respondent
Investment Company/Variable Contracts Representative
CRD No. 1343047

Pursuant to Rule 9216 of NASD Code of Procedure, I, Ralph C. Lewis, 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:

Lewis entered the securities industry in February 1985 as an Investment Company/Variable Contracts Representative of a member of NASD. From on or about March 2002 through December 2004, Lewis was associated with NASD member Farmers Financial Solutions, LLC (FFS) in that capacity. FFS filed a Form U-5 amendment in October 2005 for Lewis disclosing the loan activity which is the subject of this AWC. Lewis has not been the subject of prior relevant 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:

1. **Borrowing from a Customer and Misrepresentations to his Firm - Conduct Rule 2110.**

On three occasions between December 2002 and April 2003, while associated with FFS, Lewis borrowed a total of \$6,567 from BH, a customer of the firm. At the time of each loan, FFS' written procedures prohibited registered persons from borrowing from customers. Lewis never disclosed the existence of the loans to his firm and, when completing FFS' annual compliance questionnaire, he falsely answered "No" to the question of whether he had ever borrowed funds from a customer. The loans were not documented and no repayment terms were established. Lewis has also not repaid the loans.

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

2. **Borrowing from a Customer- Conduct Rules 2370 and 2110.**

NASD Conduct Rule 2370, which went into effect in November 2003, prohibits a registered person from borrowing from a customer unless the firm has written procedures permitting such loans and certain other conditions exist. From December 23, 2003 through August 2, 2004, while associated with FFS, Lewis borrowed a total of \$11,800 from customer BH. FFS' written procedures prohibited registered persons from borrowing from customers absent the firm's prior written consent. Lewis never obtained consent from FFS to borrow from customer BH. Lewis has not repaid the loans.

The foregoing acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 and Rule 2370, by Lewis.

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

A bar from associating with any NASD member firm, in any capacity.

An order to pay restitution to customer BH in the total amount of \$18,367.00 plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the dates of each of the loans, a schedule of which is attached as Exhibit "A" until each of the loans, including the interest, has been paid in full. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm following the suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude the customer from pursuing his or her own actions to obtain restitution or other remedies. If for any reason Lewis cannot locate customer BH after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Lewis shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which customer BH is last known to have resided.

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.

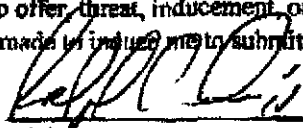
OTHER MATTERS

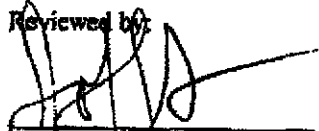
A. I understand that if I am barred or suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

B. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction 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.

June 07, 2007
Date

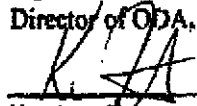

Ralph C. Lewis.
Respondent

Reviewed by:

Jonathan Schwartz, Esq.
Counsel for Respondent
4640 Admiralty Way, Suite 500
Marina del Rey, CA 90292
(310) 496-5770

Accepted by NASD:

7/19/07
Date

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


Karrin J. Fenster
Senior Regional Attorney
NASD Department of Enforcement
300 South Grand Ave., Suite 1600
Los Angeles, CA 90071
(213) 613-2615; (213) 617-1570

NASD District Director
David A. Greene, District Director
NASD, District 2
300 South Grand Ave., Ste. 1600
Los Angeles, CA 90071
(213) 613-2634

Exhibit "A"

<u>Loan Date</u>	<u>Amount</u>
12/23/2003	\$ 700
01/08/2004	\$2,000
02/03/2004	\$3,600
04/14/2004	\$2,000
05/20/2004	\$1,000
08/02/2004	\$2,500
12/26/2002	\$3,000
12/27/2002	\$2,767
04/01/2003	\$ 800