

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006005034801**

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REGISTRATION & DISCLOSURE

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

RE: Daniel Nay II, Respondent
Investment Company Products/Variable Contracts Representative
CRD No. 1880466

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, I, Daniel Nay II, 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 October 5, 1988, Nay entered the securities industry as an Investment Company Products/Variable Contracts Representative of a FINRA member firm. Between the dates of July 5, 1999 and April 13, 2006, he was registered in this capacity with Ameriprise Financial Services, Inc., a FINRA member firm. Nay does not have any disciplinary history.

FACTS AND VIOLATIVE CONDUCT

Private Securities Transactions

Between February and October 2004, Nay participated, for compensation, in private securities transactions by selling securities of a company called Perfect

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World Management. This company purchased and managed rental apartment complexes. Perfect World Management offered "property shares" to investors that would be used to purchase the properties which would be actively managed by Perfect World Management staff. In exchange, the investors received a share of the company's profits derived from rental income. These property shares were securities.

Nay received a 4% commission on each security sold. Nay solicited customers of his employing member firm to buy these property shares. All but one of the 13 eventual investors were customers of Nay's employing member firm. The majority of the investors were retired senior citizens on fixed or limited incomes who were seeking ways to increase their monthly cash flow. These individuals invested a total of \$1,269,209, which resulted in \$50,758 in commissions. In May 2005, Perfect World Management became insolvent and money invested in it was not returned to the investors.

Nay failed to give written notice to his employing member firm of his intention to engage in any of these securities sales and failed to receive written approval from his employing member firm prior to engaging in any of these sales. This conduct constitutes separate and distinct violations of NASD Rules 3040 and 2110.

Borrowing from a Customer

In February 2004, Nay borrowed \$40,000 from one of his firm's customers in violation of the written procedures of his employing member firm. This conduct violated NASD Rules 2370 and 2110.

Failure to Comply with a Request for Information

On March 8, 2007, Nay declined to appear for an on-the-record interview with FINRA staff that was requested pursuant to NASD Procedural Rule 8210. FINRA staff requested the interview in order to gain information on private securities transactions and borrowing from a customer. This conduct violated NASD Rules 8210 and 2110.

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

A bar from association with any member of FINRA.

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.

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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.

10/29/07

Date

Daniel W. Nay II

Daniel Nay II

Reviewed by:

Steven R. Malynn, Esq.
Malynn Law Firm, Inc.
3593 Medina Road #257
Medina, OH 44256
Tel. (330) 807-3086

Accepted by FINRA:

11/13/2007

Date

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

UnBo Chung

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