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REGISTRATION & DISCLOSURE

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060054450**

**To: Department of Enforcement
Financial Industry Regulatory Authority**

**Re: John Thomas Blanchette
General Securities Representative
CRD No. 4421027**

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, I, John Thomas Blanchette (Blanchette) 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

I entered the securities industry in June 2001, when I associated with a member of FINRA (f/k/a NASD). From January 31, 2003 through December 17, 2004, I was associated with Waterstone Financial Group, Inc. (Waterstone) and registered with FINRA as an investment company and variable contracts products principal. From December 17, 2004 through March 14, 2005, I was associated with FFP Securities, Inc. (FFP), and registered with FINRA as a general securities representative. From March 24, 2005 through May 22, 2006, I was associated with Silver Oak Securities Incorporated (f/k/a) William E. Hopkins & Associates, Inc. On May 22, 2006, a Form U-5 was posted for me.

I am not currently associated with any FINRA member or registered with FINRA in any capacity. However, FINRA retains jurisdiction over me pursuant to Article V, Section 4 of FINRA By-Laws.

Relevant Prior Disciplinary History

I have not been the subject of prior formal disciplinary action by FINRA.

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Facts and Violative Conduct by Respondent

From about October 2003 to about December 2003, I referred potential investors to a third-party entity, Tradewinds Real Estate Holdings, LLC (Tradewinds) for a consultation regarding the customers' potential purchase of time-share condominium interests. These time-share condominium interests were offered through Resort Holding International, S.A. (Resort Holding) and were sold in the form of Universal Leases. My referrals of customers to Tradewinds occurred from October 2003 through December 2003. I brought the Resort Holding investment to the investor's attention, and referred them to Tradewinds for further consultation on the matter. Ultimately, four customers that I referred (including me) purchased a Resort Holding Universal Lease interest.

Among other things, Majesty Travel was promoted as being a third-party management company, with no affiliation with Resort Holding. In actuality, Majesty Travel was under common ownership with Resort Holding, conducting operations out of the same or similar office and using the same or similar staff. Other indicia that the Resort Holding investment was a security was the relatively high rate of return promised, which was approximately 9%.

I referred these customers to Tradewinds while I was associated with Waterstone. I did not provide Waterstone with written notice, prior to each investor's investment in Resort Holding, describing with specificity the proposed transaction, and the fact that I referred them to Tradewinds. Further, Waterstone did not approve, in writing, my referring the investors to Tradewinds for a consultation regarding their prospective purchase of Resort Holding interests.

My conduct violated NASD Conduct Rules 3040 and 2110.

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

1. a 20-business day suspension from association with any FINRA member in any capacity; and
2. a fine of \$5,000. The fine shall be due and payable either immediately upon reassociation with a member firm following the 20-business day 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.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

¹The SEC filed an action in the United States District Court for the Northern District of Illinois against Resort Holdings and other affiliated persons and entities. *SEC v. Michael E. Kelly, et al.*, Complaint No. 07C4979 (N.D. Ill. Sep. 5 2007). In that matter, the SEC took the position that the Resort Holding interests are securities. Similarly, states have taken the position that the Resort Holding interests are securities. See, e.g., *Arizona Corp. Comm. v. Michael Eugene Kelly, et al.*, No. CV 2006-001547 (Superior Court of Maricopa County, Arizona March 2, 2006).

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The sanctions 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 Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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 Procedural 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;

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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 Procedural 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.
- D. I may attach a Statement of Corrective Action to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I 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 FINRA, nor does it reflect the views of FINRA or its staff.
- E. 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.)

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.

Date

Jan 18, 2008

JOHN THOMAS BLANCHETTE

Reviewed by:

Counsel for Respondent Blanchette

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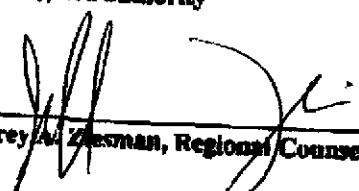
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Accepted by FINRA:

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

1-18-08
Date


Jeffrey A. Ziesman, Regional Counsel