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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060054450 05

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FINRA District
REGISTRATION & DISCLOSURE

To: Department of Enforcement
Financial Industry Regulatory Authority

Re: Blair Christopher Mielke
Investment Company and Variable Contracts Products Representative
CRD No. 1878223

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, I, Blair Christopher Mielke (Mielke) 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

Mielke entered the securities industry in October 1988, when he associated with a member of FINRA (f/k/a NASD). From March 3, 1998 through April 30, 2003, Mielke was associated with FFP Securities, Inc. (FFP), and registered with FINRA as an investment company and variable contracts products representative. From May 1, 2003 through December 17, 2004, Mielke was associated with Waterstone Financial Group, Inc. (Waterstone), and was registered with FINRA as an investment company and variable contracts products representative. From December 17, 2004 through January 1, 2007, Mielke again associated with FFP, and was registered with FINRA as an investment company and variable contracts products representative.

Mielke is currently associated with another FINRA member and is registered as an investment company and variable contracts products representative. Consequently, FINRA has jurisdiction over Mielke.

Relevant Prior Disciplinary History

Mielke has not been the subject of prior formal disciplinary action by FINRA.

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Overview

Mielke referred customers to a third party entity for a consultation regarding the purchase of lease interests, which were securities. Several customers purchased these securities following the consultation. Mielke failed to notify his firm in writing of his participation in these private securities transactions, in violation of NASD Conduct Rules 3040 and 2110.

Facts and Violative Conduct by Mielke

From about August 2003 to about March 2004, Mielke 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. Mielke's referrals of customers to Tradewinds for consultation occurred from August 2003 through March 2004. Mielke brought the Resort Holding investment to the investor's attention, and referred them to Tradewinds for further consultation on the matter.

Ultimately, 11 customers purchased a Resort Holding Universal Lease interest. These customers purchased \$552,888.94 in Resort Holding Universal Lease interests. The Resort Holding Universal Lease interests were securities due to, among other things, the relatively high rate of return promised, which was approximately 9%.¹

Mielke referred the customers to Tradewinds while Mielke was associated with Waterstone. Mielke 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 he referred them to Tradewinds. Further, Waterstone did not approve, in writing, Mielke's referral of the customers to Tradewinds for a consultation regarding their prospective purchase of Resort Holding interests.

Mielke's conduct violated NASD Conduct Rules 3040 and 2110.

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

1. a six-month suspension from association with any FINRA member in any capacity; and
2. a fine of \$5,000.

¹The SEC filed an action in the United States District Court for the Northern District of Illinois against Resort Holding 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.

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I agree to pay any monetary sanctions imposed on me upon notice that this AWC has been accepted and that such payments are due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

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

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 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

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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 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, deaying, 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

4/7/08


BLAIR CHRISTOPHER MIELKE

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Reviewed by:

Counsel for Respondent Mielke

Accepted by FINRA:

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

4-17-08
Date


Jeffrey A. Zeeman, Senior Regional Counsel