

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060055684**

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
NASD

RE: Frank Lumpuy, Respondent
General Securities Representative
Investment Company and Variable Contracts Products Representative
Investment Company and Variable Contracts Products Principal
CRD No. 2108307

Pursuant to Rule 9216 of NASD Code of Procedure, I 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:

Frank Lumpuy entered the securities industry in November 1990 as an Investment Company and Variable Contracts Products Representative at an NASD member firm. From April 16, 2003 to June 9, 2006, Lumpuy was registered with member firm Newbridge Securities Corporation ("Newbridge") as a General Securities Representative, Investment Company and Variable Contracts Products Representative, and Investment Company and Variable Contracts Products Principal. Since June 28, 2006, Lumpuy has been registered with NASD member Kovack Securities Inc. in all of the aforementioned capacities.

Lumpuy has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, state regulators or the Securities and Exchange Commission.

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:

In October 2005, public customer A.G. deposited \$100,000 for investment in his Newbridge account, through Lumpuy. In January 2006, A.G. informed Lumpuy that he intended to withdraw his entire investment.

As of January 31, 2006, A.G.'s Newbridge account had decreased in value to \$95,159.31. When Lumpuy informed A.G. of this fact, A.G. became distraught. He stated that he required the entire amount of his original investment due to an obligation on an unrelated financial transaction. A.G. then asked Lumpuy if there was anything that Lumpuy could do to "help."

On February 1, 2006, Lumpuy shared in the losses in A.G.'s Newbridge account by depositing \$4,938.50 of his personal funds into A.G.'s bank account. Lumpuy did not obtain prior written authorization from Newbridge or A.G. before making the deposit.

The aforementioned conduct constitutes separate and distinct violations of NASD Conduct Rules 2330(f) and 2110 by Lumpuy.

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

- (1) A suspension from associating with any NASD member firm, in any and all capacities, for a period of ten (10) business days; and
- (2) A fine in the amount of \$5,000.

The fine shall be due and payable either immediately upon reassociation with a member firm following the ten (10) 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.

The sanctions imposed herein shall be effective on a date set by NASD staff.

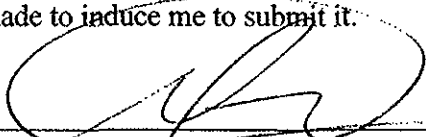
III.

OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement 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 NASD, nor does it reflect the views of NASD or its staff.
- B. I agree to pay any monetary sanctions imposed on me upon re-entry as noted above.
- C. 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.
- D. 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.)

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.

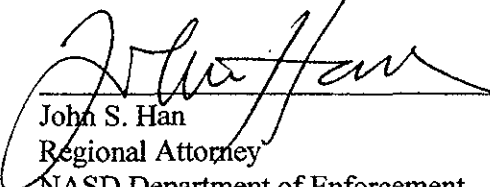
5-17-07
Date


Frank Lumpuy, Respondent

Accepted by NASD:

6/12/07
Date

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


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