

**NASD**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. 2006006237801**

**TO: Department of Enforcement**  
**NASD**

**RE: Daniel J. Varley, Respondent**  
**General Securities Representative**  
**CRD No. 5063467**

Pursuant to Rule 9216 of the NASD Code of Procedure, Daniel J. Varley ("Varley") submits 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, National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs 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 the 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 in which the NASD is not a party.

**I also understand that my experience in the securities industry and disciplinary history may be factors which will be considered in deciding whether to accept this AWC. That experience and history are as follows:**

**Varley first became registered with NASD in January 2006 as a General Securities Representative with Federated Securities Corp. ("FSC"). He was registered with FSC in that capacity from January 2006 to August 25, 2006. He has not been registered with any NASD member since August 25, 2006. Varley has no NASD disciplinary history.**

## **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:

Varley was employed at FSC as an internal mutual fund wholesale sales person. Among other things, he supported the activities of external wholesalers. On about July 14 and July 17, 2006, Varley made false entries into an FSC internal customer relationship system that reflected he had had several contacts with a client preceding a purchase of mutual funds by the client through an external wholesaler. Those contacts in fact had not occurred. Based on the purported contacts, Varley would have been entitled to receive compensation in connection with the purchase but for FSC's discovery that the entries were false.

Based on the foregoing, Varley violated NASD Conduct Rule 2110.

- B. I also consent to the imposition, at a maximum, of the sanction of a bar from association with any member in any capacity.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), the bar imposed herein shall become effective upon approval or acceptance of this AWC by the NAC.

## III.

### OTHER MATTERS

I understand that if I am barred from association 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. (See NASD Rule 8310 and IM-8310-1).

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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, 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.

1-19-2007  
Date

Daniel J. Varley  
Daniel J. Varley

Accepted by NASD:

February 6, 2007  
Date

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

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Thomas M. Huber  
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