

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006326901**

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REGISTRATION & DISCLOSURE

**TO: Department of Enforcement
NASD**

**RE: Stephen Kent Brombach, Respondent
Investment Company / Variable Contracts Representative
CRD No. 2004305**

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:

Stephen Kent Brombach entered the securities industry in October 1989 as an associated person of three members of NASD. He became registered as an Investment Company / Variable Contracts Representative in February 1990. From January 1999 until September 2006, he was registered through Hornor, Townsend & Kent, Inc. as an Investment Company / Variable Contracts Representative.

Respondent Brombach is not currently registered or associated with any NASD member firm and has not been the subject of prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

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:

1.

During a period from no later than on or about May 22, 2001, until on or about May 11, 2006, Stephen Kent Brombach engaged in private securities transactions without prior notice to and approval from his employer member firm, Hornor, Townsend & Kent, Inc. ("HTK"), in that he participated in the sale to ten investors of purported interests in a real estate investment trust for a total of approximately \$539,700.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 3040 by Stephen Kent Brombach. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent Brombach.

2.

Four of the investors who purchased purported interests in a real estate investment trust from Respondent Brombach, as discussed in Section II.A.1, above, were customers of his employer member firm, HTK. Respondent Brombach received their funds, which they intended to invest in a real estate investment trust, but he did not direct the funds to a real estate investment trust as they intended. Respondent Brombach thereby made improper use of the customers' funds.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2330(a) by Stephen Kent Brombach. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent

Brombach.

3.

The remaining six investors who purchased purported interests in a real estate investment trust from Respondent Brombach, as discussed in Section II.A.1, above, were not customers of HTK. Respondent Brombach received their funds, which they intended to invest in a real estate investment trust, but he did not direct the funds to a real estate investment trust as they intended. Respondent Brombach thereby made improper use of the investors' funds.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Stephen Kent Brombach.

4.

During the period from on or about October 1, 2001, until on or about September 3, 2006, Respondent Brombach issued account statements to nine of the investors who purchased purported interests in a real estate investment trust, as discussed in Section II.A.1, above, in which he falsely represented that the investors' funds had been placed in an "REIT," "REIT Program" or "Integrity Group REIT Program." The account statements also stated that Respondent Brombach offered securities through HTK; and some of them also referred to the purported real estate investment trust as "Financial Holdings with Pershing and HTK." Respondent Brombach thus misrepresented to the investors that their purported interests in a real estate investment trust were offered through and/or held by HTK.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Stephen Kent Brombach.

5.

In or about September 2006, NASD initiated an investigation concerning allegations that Respondent Brombach had engaged in private securities transactions and had misused funds obtained from HTK customers and other investors. On October 17, 2006, NASD staff sent a request for information related to the subject matter of its investigation to Respondent Brombach at his residential addresses, as reflected in the Central Registration Depository, via certified mail and regular first class mail. The staff's letter requested a response by October 31, 2006. The envelopes were returned by the U.S. Postal Service as undeliverable on October 23, 2006.

On October 25, 2006, NASD staff sent an additional request for information

related to the subject matter of its investigation to Respondent Brombach at his residential addresses, as reflected in the Central Registration Depository, and at another address obtained by the staff, via certified mail and regular first class mail. The staff's letter requested a response by November 8, 2006. No response was received.

On November 17, 2006, NASD staff sent an additional request for information related to the subject matter of its investigation to Respondent Brombach at his residential addresses, as reflected in the Central Registration Depository, and at the additional address obtained by the staff, via certified mail and regular first class mail. The staff's letter requested a response by November 30, 2006. No response was received.

On December 11, 2006, NASD staff sent an additional request for information related to the subject matter of its investigation to Respondent Brombach at his residential addresses, as reflected by the Central Registration Depository, and at the additional address obtained by the staff, via certified mail and regular first class mail. The staff's letter requested a response by December 22, 2006. No response was received.

The foregoing requests were issued pursuant to Procedural Rule 8210. Respondent Brombach failed to provide any of the information requested by the staff in response to the foregoing requests for information.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 8210 by Stephen Kent Brombach. Such conduct is inconsistent with standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent Brombach.

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

Stephen Kent Brombach shall be barred from associating with any member of NASD in any capacity.

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

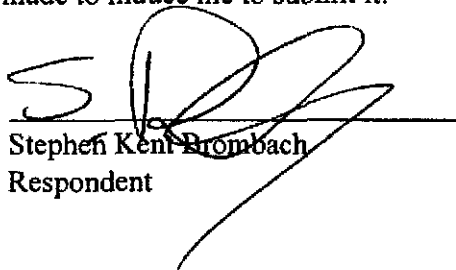
III.

OTHER MATTERS

- A. 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.

8-8-07
Date


Stephen Kent Brombach
Respondent

Reviewed by:


Gregory L. Fullington
Counsel for Respondent
Galltech & Fullington, PLLC
2200 Sixth Ave., Ste. 888
Seattle, WA 98121-1843
(206) 374-8500

Accepted by NASD:

September 6, 2007
Date

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


David Utevsky
Regional Counsel
NASD Department of Enforcement
601 Union St., Ste. 1616
Seattle, WA 98101
(206) 624-0790
Fax (206) 623-2518

NASD District Director

Michael Lewis

NASD, District 3--Seattle

601 Union St., Ste. 1616

Seattle, WA 98101

(206) 624-0790