

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006508901**

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REGISTRATION & DISCLOSURE

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Fredrick N. Brown, Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 1605920

Pursuant to NASD Rule 9216 of FINRA's 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 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

Fredrick N. Brown ("Brown") entered the securities industry in November 1986, when he was employed by a FINRA member. Subsequently, Brown became registered as an Investment Company and Variable Contracts Products Representative in December 1986. Brown was then registered by another FINRA member before he was registered with NYLIFE Securities, Inc. ("NYLIFE") in August 2002. He remained with NYLIFE until September 2006. Brown is not currently registered with a FINRA member. Brown does not have a disciplinary history.

OVERVIEW

During the period from June 2001 through December 2005, Brown solicited more than \$650,000 from twenty-five investors to invest in a real estate entity/fund, without giving NYLIFE prior written notice of his intent to participate in these transactions. Such conduct violated NASD Conduct Rules 2110 and 3040. Brown further misrepresented to investors, in connection with the sale of interests in DCA, that they would receive up to a twenty percent return per annum, in violation of Securities Exchange Act of 1934 ("SEA") Section 10(b) and Rule 10b-5 thereunder, and NASD Conduct Rules 2110 and 2120. Lastly, Brown violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110, by failing to respond to FINRA's requests for information made during the course of its examination.

This AWC makes findings of violation as noted above, and imposes sanctions including a bar from association with any FINRA member.

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FACTS AND VIOLATIVE CONDUCT

1. Private Securities Transactions

From June 2001 through December 2005, Brown, while associated with member firm NYLIFE, solicited and recommended that twenty-five individuals, most of whom were customers of NYLIFE, invest a total of \$658,000 in a real estate entity/fund named Dreams Capital Assets ("DCA"). These investments ranged from \$9,000 to \$100,000. Brown did not disclose his participation in the sales of interests in DCA to NYLIFE, and further failed to receive approval from NYLIFE for his sales. In or about 2006, DCA ceased making interest payments, and has not returned the bulk of the investors' funds. The interests in DCA satisfy the elements of an investment contract, and therefore meet the definition of a security.

Such acts, practices and conduct constitute violations of NASD Conduct Rules 2110 and 3040 by Respondent Brown.

2. Misrepresentation

From June 2001 through December 2005, Brown misrepresented to investors that they would receive up to a twenty percent annual return on their investment in DCA. In fact, investors have not received any interest since 2006. Such representation was material to investors and Brown knowingly or recklessly made these representations in connection with the offer and sale of interests in DCA.

Brown, by engaging in the scheme referenced in paragraphs 1 and 2 above, with scienter, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails: 1) employed devices schemes or artifices to defraud; 2) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or 3) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers or prospective purchasers in violation of SEA Section 10(b) and Rule 10b-5 promulgated thereunder.

Such acts, practices and conduct constitute violations of SEA Section 10(b) and Rule 10b-5 thereunder and NASD Conduct Rules 2110 and 2120 by Respondent Brown.

3. Failure to Respond

On December 14, 2006, during the course of FINRA's examination, FINRA sent Brown a letter requesting certain information. FINRA was investigating the circumstances of Brown's sale of interests in DCA, and requested a written statement from Brown responding to various questions. The December 14, 2006, letter was sent pursuant to NASD Procedural Rule 8210 and was sent to Brown via first class mail, addressed to his residential CRD address [REDACTED]. The December 14, 2006, letter set a deadline of January 4, 2007, for the submission of the requested statement. The December 14, 2006, letter sent by first class mail was not returned to the FINRA, Atlanta District Office. Brown did not respond by the January 4, 2007, deadline.

On January 24, 2007, FINRA sent a second letter to Brown at his residential CRD address requesting the same information as requested in the December 14, 2006, letter. This request was also made pursuant to NASD Procedural Rule 8210 and was sent by first class and certified mail. It set a deadline of February 7, 2007, for submission of the requested response. The January 24, 2007, letter sent by first class mail was not returned. A receipt was returned for the January 24, 2007, letter sent by certified mail indicating that it had been delivered on February 5, 2007, and signed for by Brown. Brown did not respond by the February 7, 2007, deadline and has not responded to the two request letters as of the date of this AWC.

Such acts, practices and conduct constitute violations of NASD Conduct Rule 2110 and Procedural Rule 8210 by Respondent Brown.

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

A bar from associating with any FINRA member firm in any capacity.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to NASD IM-8310-3(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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.)

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.

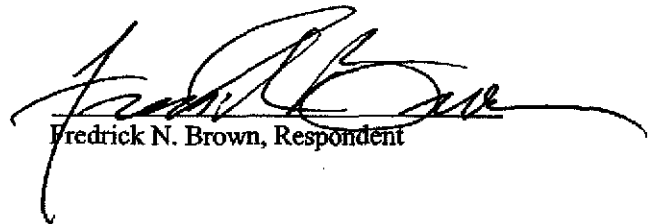
OTHER MATTERS

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
- 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 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.

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.

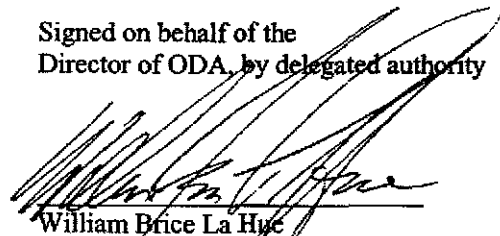
March 8, 2008
Date


Fredrick N. Brown, Respondent

Accepted by FINRA:

March 31, 2008
Date

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


William Brice La Huc
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