

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006587101**

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REGISTRATION & DISCLOSURE

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

RE: Dennis W. Sharp, Respondent
Investment Company / Variable Contracts Principal
CRD No. 2204032

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

Dennis W. Sharp entered the securities industry as an associated person of PFS Investments, Inc. in November 1991. He was registered through that firm from January 9, 1992, until October 6, 2006, initially as an Investment Company / Variable Contracts Representative and, beginning on March 29, 1996, as an Investment Company / Variable Contracts Principal.

Respondent Sharp is not currently registered or associated with any member firm and has no disciplinary history.

OVERVIEW

Dennis W. Sharp participated in private securities transactions without prior

notice to and approval from his employer firm, misrepresented to customers that the securities were guaranteed, and made unsuitable recommendations to customers.

FACTS AND VIOLATIVE CONDUCT

1. Private Securities Transactions

During the period from on or about June 15, 2000, until on or about August 30, 2006, Dennis W. Sharp engaged in private securities transactions without prior notice to and approval from his employer member firm, PFS Investments, Inc., in that he participated in the sale to 18 customers of promissory notes issued by Hutchins Development Project for a total of approximately \$2,097,608.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 3040 by Dennis W. Sharp. 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 Sharp.

2. Misrepresentations

During the period from on or about April 5, 2004, until approximately on or about August 30, 2006, Respondent Sharp represented to three customers that payments on the promissory notes issued by Hutchins Development Project were guaranteed when he should have known that they were not guaranteed and failed to inquire sufficiently into their status before making such representations.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2110 by Respondent Sharp.

3. Unsuitable Recommendations

During the period from on or about August 1, 2003, until August 30, 2006, Respondent Sharp recommended that nine customers purchase the promissory notes issued by Hutchins Development Project when he knew or should have known that those customers were investing 20% or more of their liquid net worth in the notes. Respondent Sharp recommended the purchases without reasonable grounds for believing that they were suitable for the customers upon the basis of the facts disclosed by them as to their other security holdings and as to their financial situation and needs.

Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2310(a) by Respondent Sharp. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Sharp.

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

Dennis W. Sharp shall be barred from associating with any member of FINRA 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.

12/1/07
Date

Dennis W. Sharp
Dennis W. Sharp
Respondent

Reviewed by:

David B. Bukey
David B. Bukey
Counsel for Respondent
1011 Western Ave., Ste. 803
Seattle, WA 98104
(206) 382-1787

Accepted by FINRA:

January 30, 2008
Date

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

David Utevsky
David Utevsky
Regional Counsel
FINRA Department of Enforcement
601 Union Street, Suite 1616
Seattle, WA 98101
(206) 624-0790
Fax Number (206) 623-2518
david.utevsky@finra.org