

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2006006849601**

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REGISTRATION & DISCLOSURE

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

RE: Terrance Reid Pipenhagen, Respondent
General Securities Representative and General Securities Principal
CRD No. 716645

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

Terrence R. Pipenhagen first became registered with a FINRA member firm, as an investment company and variable products contracts representative, in October 1980. He became registered as a general securities representative in May 1986, and as a general securities principal in August 1986. Pipenhagen was associated with FINRA member Jonathan Roberts Financial Group (Jonathan Roberts) from November 27, 2000, until August 18, 2003. He was associated with FINRA member Planmember Securities Corporation (Planmember Securities) from April 19, 2004 until August 11, 2005. Pipenhagen was last registered with FINRA member Lincoln Investment Planning, Inc. (Lincoln), as a general securities representative and general securities principal, from July 26, 2005, until October 31, 2006. Pipenhagen currently is not associated with a FINRA member. He has no relevant disciplinary history.

OVERVIEW

From 2000 – 2005, Respondent Pipenhagen solicited at least nine individuals (who invested \$475,000) to invest in commodities trading accounts maintained and controlled by Pipenhagen. In about December 2004, Pipenhagen began sending false account

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statements to the customers in order to conceal their losses, in violation of NASD Conduct Rule 2110, which requires associated persons to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his or her business.

In addition, the investments made by each of the nine investors constituted an investment contract and therefore a "security", as defined under the Securities Act of 1933. Seven of the investments, totaling \$320,000, were made at a time when Pipenhagen was associated with a FINRA member firm, and constitute private securities transactions under NASD Conduct Rule 3040. Pipenhagen did not give prior written notice of the investments to his employing FINRA member firms, as required by NASD Conduct Rule 3040.

FACTS AND VIOLATIVE CONDUCT

From 2000 – 2005, Respondent Pipenhagen solicited at least nine individuals to invest in commodities trading accounts maintained and controlled by Pipenhagen at various commodities firms. The nine individuals invested a total of \$475,000 with Pipenhagen, which he pooled. Pipenhagen lost all of investors' funds trading commodities. In about December 2004, Pipenhagen began sending false account statements to the investors in order to conceal their losses, and to prevent them from pulling out their investments before he had a chance to recover their losses. Pipenhagen's conduct in creating and furnishing the false account statements to the investors violates NASD Conduct Rule 2110.

In addition, each of the investments in the commodity accounts constituted an investment contract under applicable law, and therefore constituted a "security" as defined under the Securities Act of 1933. Seven of the investments, totaling \$320,000, were made at a time when Pipenhagen was associated with a FINRA member firm. As the investments were made outside the regular course or scope of Pipenhagen's employment, they constituted "private securities transactions", as defined in NASD Conduct Rule 3040, which requires registered persons to give written notice to their employing member firms prior to participating in any private securities transactions. Respondent Pipenhagen did not give prior written notice of the investments to his employing FINRA member firms, in violation of NASD Conduct Rules 2110 and 3040.

- B. I also consent to the imposition of the following sanction: a bar from association with any FINRA member firm in all capacities. 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 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. (See NASD Rule 8310 and IM-8310-3.)

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:

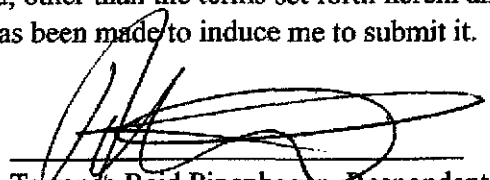
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not 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.

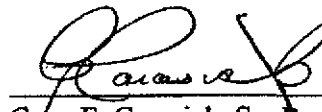
2-29-08
Date


Terrance Reid Pipenhagen, Respondent

Accepted by FINRA:

3/14/08
Date

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


Gene E. Carasick, Sr. Regional Counsel
FINRA Department of Enforcement
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