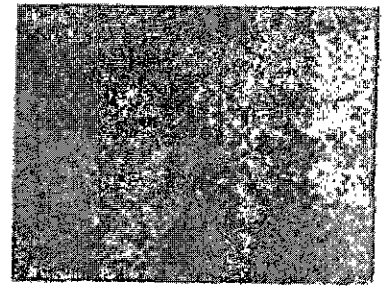


**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007007159701**



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

RE: Choice Investments, Inc.
Member Firm
CRD No. 17665

Donald Arthur Itzen
General Securities Principal
CRD No. 853436

Pursuant to NASD Rule 9216 of FINRA's Code of Procedure, Choice Investments, Inc. ("Choice") and Donald Arthur Itzen ("Itzen") (collectively, "Respondents"), 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 Respondents alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondents 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

In March 1986, the Securities and Exchange Commission approved the registration of Choice. The following month, April 1986, Choice became a member of FINRA. The firm's registration with the SEC and FINRA remains in effect, and currently it has thirty-one registered personnel.

Itzen entered the securities industry in June 1978 as a General Securities Representative with a FINRA member firm. From June 1978 to April 1986, he registered serially with three different FINRA member firms. In April 1986, he began his association with Choice and registered as a General Securities Representative. Itzen's registration with

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Choice remains in effect and during all times referenced herein, he was the firm's President.

RELEVANT PRIOR DISCIPLINARY HISTORY

The relevant disciplinary history for Choice and Itzen consists of the following matter. On March 2, 2006, FINRA accepted an AWC (E0620030538) whereby Choice and Itzen were fined \$10,000, jointly and severally; the firm was ordered to pay restitution of \$9,048 to a public customer; and Itzen was suspended as a principal for a period of ten days, all for failing to establish and maintain procedures addressing suitability reviews, for failing to supervise a broker's securities recommendation to a public customer, and for failing to enforce the firm's procedures regarding the approval of new accounts, in violation of NASD Conduct Rules 2110 and 3010.

OVERVIEW

Choice, acting through Itzen, failed to ensure that a research report disclosed the firm's receipt of compensation for investment banking services from the subject company. Additionally, the firm issued two other research reports which also failed to disclose the firm's receipt of compensation for investment banking services from the subject company.

FACTS AND VIOLATIVE CONDUCT

In December 2004, The 1818 Fund, a controlling shareholder of VAALCO Energy ("VAALCO"), offered for sale all 36,513,441 shares of VAALCO that it had acquired through a merger between VAALCO and the 1818 Oil Corp.

In early 2005, Choice, and two other broker dealers, performed investment banking services for The 1818 Fund and received compensation for those services. Their investment banking services consisted of finding buyers for all of the VAALCO shares being offered by The 1818 Fund. By March 2005, Choice, and the two other broker dealers, had sold all 36,513,441 shares of VAALCO. For their part in selling the VAALCO shares, Choice received compensation of \$2,306,030.

On or about May 25, 2005, Choice, acting through Itzen, approved a research report for VAALCO which was thereafter issued to the firm's customers. The research report did not contain a disclosure that the firm had received compensation for investment banking services from VAALCO. Additionally, Choice, acting through Itzen, failed to ensure that the research report contained such disclosure.

In August 2005, Choice issued to its customers a second research report for VAALCO, and in November 2005, a third report covering VAALCO was issued. Neither of these research reports contained a disclosure that the firm had received compensation for investment banking services from VAALCO. Moreover, Choice failed to ensure that

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these two research reports contained such disclosure

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110, 2711(h)(2)(A)(ii)(b), and 2711(i) by Respondent Choice Investments, Inc., and violations of NASD Conduct Rules 2110 and 2711(i) by Respondent Donald Arthur Itzen.

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

Choice Investments, Inc.: A censure and a monetary fine in the amount of \$20,000, of which \$10,000 will be imposed jointly and severally with Itzen.

Donald Arthur Itzen: A monetary fine in the amount of \$10,000, all of which will be imposed jointly and severally with Choice. Additionally, Itzen is suspended, in any principal capacity, for a period of twenty business days.

The Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter. Respondents have submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondents 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 them;
- 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.

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Further, Respondents 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.

Respondents 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

Respondents 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 Respondents; and
- C. If accepted:
 - 1. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondents;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondents' 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. Respondents 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

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that the AWC is without factual basis. Respondents 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 Respondents' right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. Respondents may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Respondents certify that they have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that they 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 them to submit it.

1/12/2009
Date

Choice Investments, Inc.

By: Donald A. Itzen

Name: Donald A. Itzen

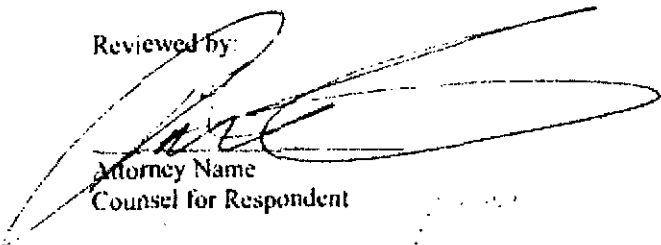
Title: Founder

Date: 1/12/2009

Donald A. Itzen
Donald Arthur Itzen

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Reviewed by:


Attorney Name
Counsel for Respondent

Firm Name

Address

City/State/Zip

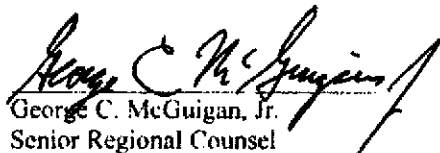
Phone Number

(512) 479-0745
(512) 479-0910 FAX

Accepted by FINRA:

February 3, 2009
Date

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


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