

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20070077775-01**

RECEIVED

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REGISTRATION & DISCLOSURE

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

RE: Sergio M. Del Toro, Respondent
CRD No. 3069166

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Sergio M. Del Toro ("Del Toro"), 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

Del Toro was registered as a General Securities Representative with a FINRA member firm from August 2000 until October 10, 2007. Del Toro has no disciplinary history.

FACTS AND VIOLATIVE CONDUCT

Customer RK

1. Del Toro's customer RK was born in [REDACTED] and was 90 years old at the time of his first purchase of 3rd Dimension shares in August 2004. In 2004, RK was retired and living in a nursing home in Minnesota with his 87-year-old wife. RK died in October 2006. His wife continued to reside in the nursing home. Before his retirement, RK was an accountant and the owner of a small accounting firm.

2. Del Toro was the registered representative for two securities accounts that RK and his wife opened at a member firm in 2004. New account forms for the account state that RK's annual income was \$130,000, his approximate net worth was \$1.9 million, and his liquid net worth was \$1 million. After Del Toro terminated his registration at that member firm, in May 2005, RK and his wife opened two securities accounts at a new member firm where Del Toro registered in May 2005. New account forms dated May 2005 and prepared for opening the accounts at Del Toro's new firm state that RK's annual income was between \$75,000 and \$99,999 and his net worth, exclusive of residence, was over \$500,000 and his liquid net worth was between \$100,000 and \$149,999.

3rd Dimension, Inc.

3. 3rd Dimension, Inc., a Nevada corporation formed in 2000, was a development stage company during the time that Del Toro recommended its securities to RK. Its securities have never been publicly quoted or traded. 3rd Dimension was in the business of developing and distributing digital media audio and video compression technologies for the Internet music and mobile video entertainment markets. The company has not had publicly available audited financial statements. Del Toro knew that the company had little or no revenues at the time he recommended its securities to RK.

Del Toro recommends 3rd Dimension to RK

4. Beginning no later than about August 2004, Del Toro recommended 3rd Dimension securities to RK. From about August 2004 and continuing until March 2006, RK made six purchases of 3rd Dimension, paying a total of \$511,000 for approximately 157,000 shares on Del Toro's recommendations. RK was 91 years old when he made his last purchase of 3rd Dimension securities, in March 2006.
5. RK paid between \$3.00 and \$4.00 per share for 3rd Dimension stock on Del Toro's recommendation. Del Toro received a 15 percent commission on each investment made by RK in 3rd Dimension, or about \$76,650 based on RK's total investment of \$511,000.
6. Del Toro had no reasonable grounds for believing that RK's purchases of 3rd Dimension were suitable given his age and financial condition. Del Toro had no reasonable basis for believing that 3rd Dimension stock was worth between \$3.00 and \$4.00 per share, the price paid by RK for his shares. By engaging in the foregoing conduct, Del Toro violated NASD Rules 2110, 2120, and 2310, and willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

Del Toro Sells Away

7. Del Toro intentionally withheld from his employing member firms that he was engaged in outside securities transactions with RK. Del Toro also recommended the purchase of shares of 3rd Dimension to RK without the approval or knowledge of his two employing member firms. Del Toro participated in a series of "private securities transactions" with RK, as the term is defined in NASD Rule 3040. Specifically, Del Toro failed to provide written notice to his employing member firms describing in detail the proposed transactions in 3rd Dimension and his role therein and stating whether he had received or would receive selling compensation in connection with the transactions. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 3040.

Del Toro Guarantees RK against losses in 3rd Dimension

8. In or about December 14, 2005, to induce RK to make further investments in 3rd Dimension, Del Toro promised RK, in a writing that Del Toro described as a "binding letter," that he would buy 133,333 shares of 3rd Dimension stock from RK for \$400,000 if RK were not "completely satisfied" with his investment. On or about December 15, 2005, RK invested \$201,000 for 67,000 shares of 3rd Dimension; RK invested another \$150,000 for 50,000 shares of 3rd Dimension in March 2006. By guaranteeing RK against a loss in 3rd Dimension, Del Toro violated NASD Rules 2110 and 2330(e).

B. Del Toro also consents to the imposition of the following sanctions:

A bar in all capacities.

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 FINRA Rules 8310 and 8311.)

I understand that this settlement includes a finding that I willfully violated Section 10(b) of the Securities Exchange Act of 1934. Pursuant to Article III, Section 4 of FINRA's By-Laws, this makes me subject to a statutory disqualification with respect to association with a member

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

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 FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 FINRA 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 FINRA Rule 8313; 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.

7/25/09
Date


Sergio M. Del Toro

Counsel for Mr. Del Toro, if any

Accepted by FINRA:

8/12/09
Date

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

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation