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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT

No. 2007009434901

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

RE: Jeffrey E. Neace
CRD No. 2362520

Pursuant to Rule 9216 of FINRA's Code of Procedure, Jeffrey E. Neace ("Neace") submits 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 Neace 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 without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Neace entered the securities industry in May 1993 at member firm PaineWebber Incorporated, where he was registered as a general securities representative. He remained in that position until November 1996 when he began employment as a registered representative with member firm First Union Capital Markets Corp. ("First Union"). In October 1999, Neace left First Union and joined member firm Wachovia Securities, LLC, where he remained until August 2003. Immediately thereafter, Neace joined member firm UBS Financial Services, Inc. ("UBS" or the "Firm"). Neace voluntarily terminated his employment with UBS in February 2007. A Uniform Termination Notice for Securities Industry Registration ("Form U-5") was filed by UBS in March 2007. Although the termination was listed as "voluntary," the Form U-5 reported that at the time of Neace' resignation the firm was conducting an internal review to determine whether Neace had violated Firm policies and industry regulations by using an elderly client's funds to pay for his personal expenses and whether the client knew of and consented to such payments. On February 28, 2007, Neace joined member firm Stifel, Nicolaus & Company, Inc., where he remained for

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approximately one month. During all times described above, Neace held an NASD/FINRA general securities license.

Neace has no prior disciplinary history and is not currently employed in the securities industry. FINRA's jurisdiction over him continues until March 29, 2009. In September 2007, the Ohio Division of Securities revoked Neace's Ohio Securities Salesperson License and his Ohio Investment Adviser Representative License in connection with this matter.

OVERVIEW

Neace failed to respond to requests for information and testimony issued by FINRA staff. FINRA had a legitimate regulatory need for the subject information, in that it was investigating the allegations disclosed on the Form U-5 concerning Neace's possible misappropriation of customer funds. This conduct violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

FACTS AND VIOLATIVE CONDUCT

On or about February 16, 2007, the Firm received an anonymous tip on its ethics hotline related to Neace's possible misuse of funds from customer, MT. At the time, MT was 79 years old and a resident of an elder care facility located in Dayton, Ohio.

The Firm initiated an internal review, which disclosed that from on or about September 2005 through February 2007 (the "Relevant Period"), Neace directly or indirectly received in excess of \$70,000 from MT via checks drawn against one of her UBS accounts and made payable to Neace's creditors and friends.

The Firm advised NYSE Regulation, Inc.¹ and the Ohio State Securities Division of its findings in or about March 2007.

As detailed below, FINRA made repeated written requests directly to Neace for documents, information and testimony pursuant to, and in accordance with, the provisions of NASD Rule 8210. Neace declined to provide the requested documents, information and testimony and thereby violated NASD Rules 8210 and 2110.

On October 12, 2007, Enforcement sent Neace a letter via first class and certified mail directing him to provide certain documents and information by a deadline of October 26, 2007 and to appear for testimony on November 16, 2007 at a location to be determined (the "October 12, 2007 Request"). The October 12, 2007

¹ In July 2007, certain divisions of NYSE Regulation and NYSE and the NASD merged to form FINRA. This investigation was initiated by NYSE Regulation and continued by FINRA pursuant to the terms of the merger.

Request was sent to Neace's last known business address as reflected in the Central Registration Depository ("CRD") and advised Neace that a failure to provide the requested documents and information could subject him to sanctions, including a permanent bar from the securities industry. This request was made pursuant to NASD Procedural Rule 8210.

The undated, signed return receipt for the October 12, 2007 Request sent by certified mail was returned to Enforcement. The copy of the October 12, 2007 Request sent by first class mail was not returned to Enforcement.

During a telephone conversation with Enforcement staff on October 19, 2007, Neace acknowledged receipt of the October 12, 2007 Request and indicated that he would neither produce the requested documents nor appear for testimony as directed in the October 12, 2007 Request.

Neace failed to comply by the October 26, 2007 deadline for the production of documents and information as contained in the October 12, 2007 Request, or at any time thereafter.

On October 24, 2007, Enforcement sent Neace a letter via first class and certified mail to his last known residential address as reflected in CRD, directing him to appear for testimony under oath at Enforcement's 14 Wall Street, New York office on November 16, 2007 (the "October 24, 2007 Request"). The October 24, 2007 Request also advised Neace that a failure to appear could subject him to sanctions, including a permanent bar from the securities industry. This request was made pursuant to NASD Rule 8210.

The return receipt for the October 24, 2007 Request sent by certified mail, signed by Neace's wife, Erica Neace, was received by Enforcement on October 31, 2007. The copy of the October 24, 2007 Request sent by first class mail was not returned to Enforcement.

During a telephone conversation with Enforcement staff on November 13, 2007, Neace advised that he had consulted with counsel ²and was contemplating cooperating in the investigation of this matter. Enforcement granted Neace's request to postpone the testimony and provided him with additional time to consider the matter. During a subsequent telephone conversation with Enforcement staff on November 29, 2007, Neace advised that he had considered the matter and determined not to appear for testimony or otherwise cooperate with Enforcement in the conduct of this investigation.

On December 27, 2007, Enforcement sent Neace a letter via first class and certified mail to his last known residential address as reflected in CRD, directing him to appear for testimony under oath at Enforcement's 14 Wall Street, New

² Neace advised that he had consulted with counsel but had not retained his/her services in connection with this matter.

York office on January 18, 2008 (the "December 27, 2007 Request"). The October 24, 2007 Request also advised Neace that a failure to appear could subject him to sanctions, including a permanent bar from the securities industry. This request was made pursuant to NASD Rule 8210.

The certified letter containing the December 27, 2007 Request was returned to Enforcement indicating that it was unclaimed. The copy of the December 27, 2007 Request sent by first class mail was not returned to Enforcement.

Neace failed to failed to appear at Enforcement's 14 Wall Street, New York offices for testimony either on January 18, 2008 or at any time thereafter.

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

A bar from association with any member of FINRA in any capacity.

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.)

The sanction 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.

II. WAIVER AND PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedures:

- 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 waives 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 the AWC, including acceptance or rejection of the 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 considerations of this AWC, including its acceptance and 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 action 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 his 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.

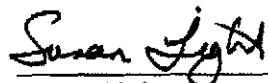
7-8-08
Date


Jeffrey E. Neace

Accepted by FINRA:

7/18/08
Date

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


Susan Light
Senior Vice President
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005