

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007009867601**

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REGISTRATION & DISCLOSURE

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

RE: Christopher William Smude, Respondent
General Securities Representative
[CRD No. 2892451]

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Christopher William Smude [or Respondent] 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Christopher William Smude became registered as a Series 7 General Securities Representative in July 1997. He became registered as a Series 24 General Securities Principal in May 2003. Smude worked in those capacities for FINRA member firms since becoming registered. He became registered with NorthStar Financial Partners, Inc. from June 2004 until his termination in October 2006. On July 31, 2007, NorthStar filed an amendment to Smude's Form U5 Uniform Termination Notice for Securities Industry Registration to report a customer complaint against Smude.

RELEVANT DISCIPLINARY HISTORY

Smude has no relevant formal disciplinary history.

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OVERVIEW

From approximately January 1, 2005 until September 19, 2006, Smude sold approximately 55 equity indexed annuities to approximately 39 customers for which he received commissions of approximately \$325,626. Smude failed to give prompt written notice of his sales to NorthStar Financial Partners, Inc., his employing member firm, in violation of NASD Conduct Rules 3030 and 2110. During the same period, Smude conducted outside business activities with three other insurance related businesses, without notifying NorthStar, which activities provided Smude with additional income totaling \$74,680.

FACTS AND VIOLATIVE CONDUCT

1. From approximately January 9, 2005 through September 19, 2006, Smude engaged in an outside business activity by receiving approximately \$325,626 in compensation for selling equity indexed annuities through a life insurance company to approximately 55 public customers. In connection therewith, Smude failed to give prompt written notice of his engagement in such activity to NorthStar Financial Partners, Inc.
2. During 2005 and 2006, Smude engaged in an outside business activity by receiving approximately \$67,000 in compensation for selling insurance products through a life insurance company. In connection therewith, Smude failed to give prompt written notice of his engagement in such activity to NorthStar Financial Partners, Inc.
3. During 2005 and 2006, Smude engaged in an outside business activity by receiving approximately \$2,800 in compensation from an insurance marketing company for insurance marketing related services that Smude provided. In connection therewith, Smude failed to give prompt written notice of his engagement in such activity to NorthStar Financial Partners, Inc.
4. During 2005 and 2006, Smude engaged in an outside business activity by receiving approximately \$4,880 in compensation for selling insurance products through another life insurance company. In connection therewith, Smude failed to give prompt written notice of his engagement in such activity to NorthStar Financial Partners, Inc.
5. On or about July 20, 2006, Smude attended an annual compliance meeting at NorthStar and disclosed that he was engaged in the sales of equity indexed annuities. Following NorthStar's investigation, it issued a Letter of Caution that Smude signed on September 13, 2006, fining Smude \$1,000 for engaging in outside business activities by selling equity indexed annuities. On or about September 19, 2006, Smude engaged in another incident of undisclosed outside business activity by selling an equity indexed annuity to a NorthStar customer, SR.

The acts and practices described above constitute separate and distinct violations of NASD Conduct Rules 3030 and 2110.

OTHER FACTORS

- B. Respondent also consents to the imposition of the following sanctions:

A suspension of 6 months from association with any FINRA member in any capacity and a \$10,000 fine.

The fine shall be due and payable either immediately upon reassociation with a member firm following the 6-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- B. To be notified of the 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, Respondent 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 this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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. Respondent 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.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

7/28/09

Date


Christopher William Sarade, Respondent

Reviewed by:



Attorney Name Derek C. Anderson
Counsel for Respondent

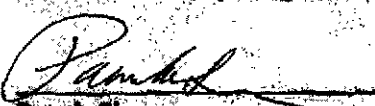
Firm Name Michaels, Ward & Rebinowitz, LLP
Address 1215 Spruce Street, Suite 400
City/State/Zip Denver, CO 80202
Phone Number 303-482-1046

Accepted by FINRA:

July 28, 2009

Date

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


Pamela Elia
Senior Regional Counsel
FINRA Department of Enforcement
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Chicago, IL 60603
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