

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008011640601**

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

RE: ~~William Blaze Krusheski~~, Respondent
General Securities Representative
~~GRD No. 4844747~~

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, William Blaze Krusheski ("Krusheski" 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

William Blaze Krusheski entered the securities industry in August 2004, when he associated with FINRA member firm Portfolio Advisors Alliance, Inc. ("PAA"). He remained at PAA until his termination on October 6, 2008. Krusheski has not since registered with another member firm. During his career in the securities industry, Krusheski obtained Series 6, 7, 22, 24, 63 and 82 securities licenses. He has no prior relevant disciplinary history.

OVERVIEW

Krusheski engaged in undisclosed outside business activities by serving as CEO of one entity, and as a paid sales representative for another entity. Additionally, Krusheski raised a total of over \$1.5 million from 21 investors, including 12 PAA

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customers, in connection with numerous private securities transactions sponsored by three different entities. Krusheski failed to provide prior notice, written or otherwise, to his employer member firm. Additionally, Krusheski, in his capacity as a registered securities principal, failed to supervise a registered representative's outside business activities.

FACTS AND VIOLATIVE CONDUCT

1. During the period from August 2004 to March 2008, Krusheski engaged in undisclosed outside business activities. Specifically, during the period from August 2004 to March 2008, while associated with PAA, Krusheski served as CEO of ElectrOzone, Inc., a company whose business purpose was to utilize ozone for water purification. Krusheski failed to disclose his role at ElectrOzone to PAA. Furthermore, during the period from July 2005 through February 2006, Krusheski served as a sales representative for Earthly Mineral Solution, Inc. ("EMS"), an entity which pooled investor funds together in order to invest in mining rights in leased land. Krusheski received selling commissions for sales made in his capacity as a sales representative. He failed to disclose his role at EMS to PAA.

During the period from December 2005 through June 2007, Krusheski also engaged in private securities transactions without providing prior written notice to, or receiving written approval from PAA. Specifically, in June 2005, Krusheski sold a \$30,000 mining rights investment in an EMS-leased property to at least one investor. Krusheski received a \$3,000 commission for the sale. During the period from May 2006 through September 2006, Krusheski raised over \$445,000 from 10 PAA customers through the offer and sale of investments in the form of secured notes offered by ElectrOzone. The notes promised a 10% return and a 20% to 50% bonus of principal at maturity. Although \$40,248 in purported interest payments were made, the ElectrOzone investment defaulted and the customers lost over \$404,751 of their investment principal. Finally, during the period from March 2007 through June 2007, Krusheski raised over \$1,059,000 from 10 investors, including two PAA customers, through offers and sales of interests in Winex Investments, LLC., an investment fund for which Krusheski served as CFO. The proceeds from the Winex offering were utilized to engage in currency trading. The Winex fund subsequently suffered trading losses of over 80%. Investors were given the option of receiving a return of 17% of their initial investment principal or allowing their funds to remain invested with the hopes of recovering the trading losses. Three investors opted for a partial return of their investment principal, while the remaining seven investors opted to remain in the investment fund.

Krusheski failed to notify, in writing or otherwise, PAA of the above-described

private securities transactions.

Such acts, practice and course of conduct constitute violations of NASD Conduct Rules 2110, 3030 and 3040 by William Blaze Krusheski.

2. During the period from at least 2005 to 2008, Krusheski was responsible for supervising employees in PAA's Carlsbad, California OSJ branch office. Although Krusheski knew that a registered representative in the Carlsbad office was engaging in outside business activities by making sales on behalf of EMS and receiving compensation for those sales, he failed to ensure that the representative provided written notice to PAA of his activities.

Such acts, practice and course of conduct constitute violations of NASD Conduct Rules 2110 and 3010 by William Blaze Krusheski.

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

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

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes 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, he 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).

Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this AWC.

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 him;
- 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 prejudice 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:

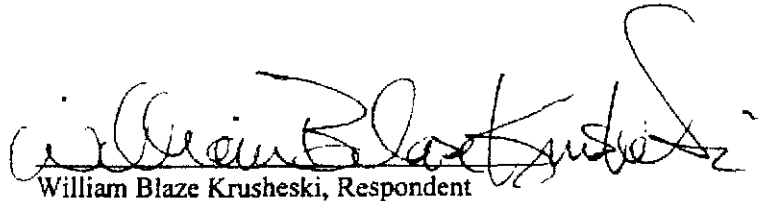
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

Respondent certifies that he has have read and understands all of the provisions of this AWC and have 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.

April 8, 2010
Date


William Blaze Krusheski, Respondent

Reviewed by:

N/A
Counsel for Respondent

Accepted by FINRA:

04-28-2010
Date

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

Karen E. Whitaker / by jip

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