

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2008012186401**

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REGISTRATION & DISCLOSURE

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

RE: Darrel G. Kluge, Respondent
CRD No. 2192442

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure I, Darrel G. Kluge ("Kluge" or "Respondent") 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

Kluge obtained his Series 7 and 63 licenses in July 2002. Between July 2002 and January 2008, Kluge was associated with FINRA member firm Feltl & Company. On January 22, 2008, a Form U5 was filed on behalf of Kluge terminating his association with Feltl & Company as of January 15, 2008. Kluge is not currently associated with a member firm.

RELEVANT PRIOR DISCIPLINARY HISTORY

Kluge has no prior disciplinary history.

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OVERVIEW

Kluge engaged in an outside business activity without providing the member firm he was associated with at the time prompt written notice of that outside business activity, in violation of NASD Conduct Rules 3030 and 2110. Additionally, Kluge participated in four private securities transactions without providing the member firm he was associated with at the time written notice, in violation of NASD Conduct Rules 3040 and 2110.

FACTS AND VIOLATIVE CONDUCT

Between 2004 and January 2008, Kluge engaged in an outside business activity, for compensation, without providing the member firm he was associated with at the time prompt written notice of that outside business activity. Specifically, Kluge acted on behalf of a company in connection with certain business negotiations and assisted with the resulting transactions; he assisted the company with recruiting individuals to fill key management positions; and he received compensation for his assistance. As a result of the foregoing, Kluge violated NASD Conduct Rules 3030 and 2110.

Between March 2004 and January 2007, Kluge participated in four private securities transactions, for no compensation, when he purchased securities for himself directly from the issuing company. Kluge failed to provide the member firm he was associated with at the time with written notice of the private securities transactions describing the transactions and did not receive approval from the member firm to participate in the transactions. As a result of the foregoing, Kluge violated NASD Conduct Rules 3040 and 2110.

OTHER FACTORS

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

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

The sanctions imposed herein shall be effective on a date set by FINRA staff. The fine shall be due and payable either immediately upon reassociation with a member firm following the six-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.

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.)

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

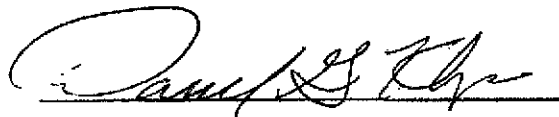
9216;

- 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.

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.

5/21/09

Date

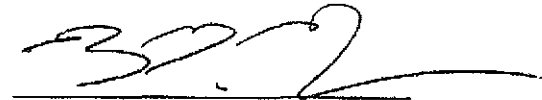


Darrel G. Kluge

Accepted by FINRA:

6/10/09
Date

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



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