

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080121965-01**

RECEIVED

FEB 22 2010

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

FINRA
SAN FRANCISCO DISTRICT OFFICE

RE: Jerome J. Stellick, Respondent
General Securities Representative
CRD No. 2665378

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, 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

Respondent entered the securities industry on September 21, 1995 by becoming associated with FINRA member Ameriprise Financial Services, Inc. He first became registered there as a General Securities Representative in November 1995. Respondent remained at Ameriprise through September 14, 2005, at which time he became registered as a General Securities Representative with FINRA member Commonwealth Financial Network. Respondent remained at Commonwealth through January 27, 2006, at which time he became registered as a General Securities Representative with FINRA member Centaurus Financial, Inc. Respondent was terminated by Centaurus on January 18, 2008 and has not since been associated with any FINRA member.

On or about October 22, 2009, Centaurus amended Respondent's Form U5 to disclose a customer complaint alleging that Respondent engaged in conduct that, if true, would be actionable under FINRA rules.

RELEVANT DISCIPLINARY HISTORY

Respondent has no disciplinary history.

000063088 2010

OVERVIEW

Respondent opened an options account on behalf of a customer at an outside broker-dealer and exercised discretion in the account without written authority or approval. In order to open the options account, he completed a new account form that included information he knew to be incomplete. Further, his trading activity in the options account was unsuitable for the customer. Respondent also borrowed over \$320,000 from his customers, in violation of his firms' procedures.

FACTS AND VIOLATIVE CONDUCT

1. The Options Account

In or about September 2007, customer EN informed Respondent that she had approximately \$30,000 that she wished to invest. Respondent informed her that he could invest her money in options and that he would conduct all trades in the account. EN agreed.

On or about September 27, 2007, Respondent completed an online application to open a brokerage account for EN at a FINRA member with which he was *not* associated ("the Executing Member"). Respondent completed the application by obtaining EN's signature on a separate page and submitting it to the Executing Member.

Between October 1, 2007 and January 31, 2008, Respondent effected approximately 176 options transactions in EN's account at the Executing Member. In light of EN's stated risk tolerance (*i.e.*, that she wanted her money placed in a "safe" investment), Respondent did not have reasonable grounds for believing that these options transactions were either qualitatively or quantitatively suitable for EN. Consequently, Respondent violated NASD Rules 2310 and 2110.

Respondent exercised discretion with respect to each of the 176 options transactions effected in EN's account. He never received written authorization from EN, nor did he receive written approval from the Executing Member, to exercise such discretion. Respondent thereby violated NASD Rules 2510 and 2110.

Respondent never notified Centaurus, either orally or in writing, about the account he had opened for EN at the Executing Member. Further, he never notified Centaurus, either orally or in writing, about any transactions that he effected in EN's account at the Executing Member. Finally, Respondent never informed the Executing Member about his control over EN's account and his status as an associated person of Centaurus. Respondent thereby violated NASD Rules 3050 and 2110.

2. Borrowing from Customers

Between April 2004 and November 2007, Respondent borrowed \$326,000.00 from his customers. The table below summarizes the various loans he received:

Date	Firm	Customer	Amount
04/16/04	Ameriprise	RE	\$20,000.00
05/06/04	Ameriprise	RE	\$7,000.00
10/18/04	Ameriprise	AP	\$19,000.00
12/01/04	Ameriprise	RE	\$10,000.00
08/29/05	Commonwealth	JS	\$70,000.00
11/18/05	Commonwealth	JS	\$70,000.00
10/02/06	Centaurus	JS	\$100,000.00
08/15/07	Centaurus	LM	\$10,000.00
08/27/07	Centaurus	JS	\$10,000.00
09/06/07	Centaurus	EN	\$4,000.00
10/18/07	Centaurus	EN	\$4,000.00
11/13/07	Centaurus	EN	\$2,000.00
Total			\$326,000.00

Ameriprise's written procedures only permitted registered representatives to borrow money from customers who were immediate family members.

Commonwealth's written procedures only permitted registered representatives to borrow money from customers who were either family members or financial institutions regularly engaged in the business of lending money.

Centaurus' written procedures permitted registered representatives to borrow money from customers under various circumstances. However, if the customer was not an immediate family member or a financial institution regularly engaged in the business of lending money, the registered representative was required to provide a prior written request to, and receive approval from, Centaurus' compliance department.

None of the customers who lent money to Respondent was a member of his family. Further, none of them was a financial institution regularly engaged in the business of lending money. Finally, Respondent never submitted to Centaurus any written requests to borrow money from his customers.

By borrowing money from his customers in violation of his firms' procedures, Respondent violated NASD Rules 2370 and 2110.

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

- A bar from association with all FINRA members in all capacities.

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, Respondent 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 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.

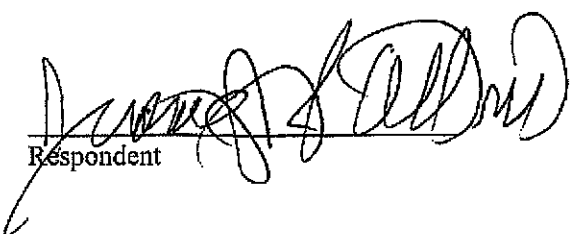
OTHER MATTERS

Respondent understands that:

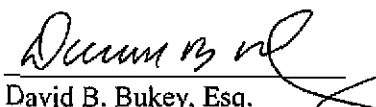
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against 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 read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent 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 Respondent to submit it.

17 FEB 10
Date (mm/dd/yyyy)


Respondent

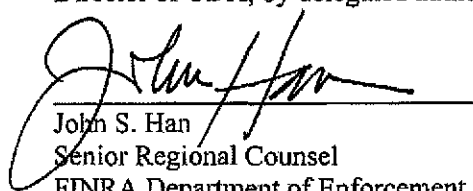
Reviewed by:


David B. Bukey, Esq.
Counsel for Respondent
1501 4th Avenue
Suite 2150
Seattle, Washington 98101
(206) 386-1787

Accepted by FINRA:

3/24/2010
Date

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


John S. Han
Senior Regional Counsel
FINRA Department of Enforcement
One Montgomery Street
Suite 2100
San Francisco, California 94104
(415) 217-1124; Fax: (415) 217-1201