

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080124500-02**

RECEIVED

FEB 24 2010

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

FINRA
SAN FRANCISCO DISTRICT OFFICE

RE: Mike J. Scherschel, Respondent
General Securities Representative
CRD No. 2886189

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 in April 1997 by becoming associated with a FINRA member. He first became registered as a General Securities Representative in May 1997. On January 15, 2002, Respondent became registered as a General Securities Representative with FINRA member Allstate Financial Services, LLC. Respondent terminated from Allstate on December 10, 2007 and has not since been associated with any FINRA member.

On or about October 10, 2009, Allstate amended Respondent's Form U5 to disclose several customer complaints alleging that Respondent engaged in conduct that, if true, would be actionable under FINRA rules.

RELEVANT DISCIPLINARY HISTORY

Respondent has no disciplinary history.

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OVERVIEW

Respondent refused to provide information requested by FINRA concerning his potential participation in an outside business activity and private securities transactions.

FACTS AND VIOLATIVE CONDUCT

On April 8, 2008, FINRA staff sent Respondent a letter pursuant to NASD Rule 8210, requesting information about an outside business activity that he potentially did not disclose to Allstate while registered there. Though the deadline for his response was April 22, 2008, Respondent's counsel requested and obtained an extension through May 13, 2008. On May 14, 2008, counsel for Respondent contacted FINRA staff and stated that Respondent would not provide the requested information due to a separate, but related, legal matter. Counsel indicated, however, that Respondent might cooperate with FINRA's investigation at a later date.

On October 8, 2008, FINRA staff sent Respondent a letter pursuant to NASD Rule 8210, requesting information about his participation in the outside business activity, as well as potential private securities transactions. The deadline for his response was set for October 22, 2008. On October 24, 2008, the staff received a letter from Respondent's counsel stating that the separate but related legal matter referenced above was ongoing and that, therefore, Respondent would not provide the information requested by the October 8 request at the present time.

On June 2, 2009, Respondent's counsel informed FINRA staff that Respondent would not provide any information in connection with the staff's investigation and would instead agree to be barred from association with all FINRA members.

By refusing to provide information requested by FINRA, Respondent violated NASD Rules 8210 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.

2/17/10
Date

Mike J. Scherschel
Mike J. Scherschel, Respondent

Reviewed by:

Samuel C. Kauffman, Esq.
Counsel for Respondent
Garvey Schubert Barer
Bank of America Financial Center
121 SW Morrison Street
11th Floor
Portland, Oregon 97204-3141

Accepted by FINRA:

2/19/2010 ^{JH} 3/2/2010
Date

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

John S. Han
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