

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Denver Kalkofen,
CRD No. 1530241,

Respondent.

Disciplinary Proceeding
No. 20080151687

Hearing Officer: MAD

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: 5/10/10

INTRODUCTION

Disciplinary Proceeding No. 20080151687 was filed on February 2, 2010, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA") ("Complainant"). Respondent Denver Kalkofen ("Respondent") submitted an Offer of Settlement ("Offer") to Complainant dated April 22, 2010. Pursuant to FINRA Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC"), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to FINRA Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, 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, to the entry of

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findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

In June 1986, Respondent became employed by ING Financial Partners, Inc. ("ING" or the "Firm") registering as an Investment Company Products/Variable Contracts Limited Representative in July 1986. She remained employed there until her termination on October 3, 2008. The Firm terminated Respondent after discovering that she had misappropriated funds from customers. Respondent is not currently employed in the securities industry but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of the FINRA by-laws. Respondent has no prior disciplinary history.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

Conversion

1. Between March 1998 and January 2009, Respondent requested and received checks from her customers to invest in a fictitious company, "Denuer." At Respondent's instruction, the checks were made payable to "cash" or "Denuer."
2. Between March 1998 and January 2009, Respondent deposited the checks into her personal checking account and then used the funds to gamble at numerous casinos and to pay personal expenses she charged on her credit cards.
3. On May 16, 2009, Respondent pled no contest in the Circuit Court of Calhoun County in State of Wisconsin, to four felony counts of theft in a business setting in excess of

\$10,000, Wisconsin Statute Sec. 973.20(1)(b) and two felony counts of issuing securities for improper purposes, Wisconsin Statute Sec. 551.501(2). Respondent was sentenced, in part, to seven years in prison, eight years of extended supervision upon release, and payment of restitution.

4. By the foregoing conduct, Respondent violated NASD Rule 2110 and FINRA Rule 2010.

Failure to Provide Information

5. On November 10, 2008, FINRA sent a letter to Respondent pursuant to NASD Rule 8210, requesting that she provide, among other things, a written signed statement in response to allegations that she misappropriated customer checks for her personal use. The letter was sent to Respondent's last known residential address, as reflected in the Central Registration Depository ("CRD"), by certified mail return receipt requested and first class mail. The letter requested that Respondent respond no later than November 24, 2008.

6. Neither letter was returned to FINRA, but a signed return receipt was recorded for "D. Kalkofen" on November 13, 2008.

7. On December 9, 2008, FINRA sent another letter to Respondent pursuant to NASD Rule 8210 which informed Respondent that it was a second request for the information requested by FINRA's letter dated November 10, 2008, to which no response had been received, and requested additional information on four of her customers. The letter was sent to Respondent's last known residential address, as reflected in the CRD, by certified mail return receipt requested and first class mail. The letter required a response no later than December 24, 2008.

8. Neither letter was returned to FINRA, but a signed return receipt was recorded for "D. Kalkofen" on December 15, 2008.

9. On February 13, 2009, FINRA sent a letter to Respondent pursuant to FINRA Rule 8210, requesting that she provide, among other things, a written statement regarding the termination of her employment with ING for misappropriating customer funds. The letter was sent to Respondent's last known residential address as reflected in the CRD, by certified mail return receipt requested and by first class mail. The letter required a response no later than March 2, 2009.

10. Neither letter was returned to FINRA, but the green return receipt card was signed for by her stepson-in-law, on February 18, 2008.

11. On or about March 5, 2009, FINRA received a phone call from Respondent's criminal defense attorney indicating that Respondent would not be cooperating with FINRA's investigation.

12. On or about March 20, 2009, Respondent's attorney sent FINRA a letter indicating that Respondent would not cooperate with FINRA's investigation.

13. No responses to any of FINRA's 8210 requests have been received from Respondent.

14. Based on the foregoing, Respondent violated NASD Rules 8210 and 2110 and FINRA Rules 8210 and 2010.

Based on the foregoing, Respondent violated NASD Rule 2110 and FINRA Rule 2010 and violated NASD Rules 8210 and 2110 and FINRA Rules 8210 and 2010.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future

misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

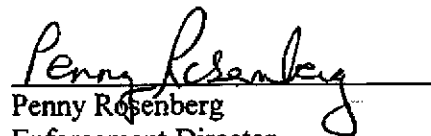
It is ordered that Respondent be barred in all capacities.

The sanctions imposed herein shall be effective on a date set by FINRA staff. Pursuant to FINRA Rule 8313(e), a bar or expulsion shall become effective upon approval or acceptance of this Order.

SO ORDERED.

FINRA

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

A handwritten signature in cursive script, reading "Penny Rosenberg", is written over a horizontal line.

Penny Rosenberg
Enforcement Director
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