

FINANCIAL INDUSTRY REGULATORY AUTHORITY

OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant

v.

Daniel Scott Sheedy
(CRD No. 2126369)

Respondent

DISCIPLINARY PROCEEDING
No. 2008015180901

HEARING OFFICER: LBB

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: April 20, 2011

INTRODUCTION

Disciplinary Proceeding No. 2008015180901 was filed on July 30, 2010, by the Department of Enforcement of the Financial Industry Regulatory Authority (FINRA). Respondent Daniel Scott Sheedy submitted an Offer of Settlement (Offer) to Complainant dated February 16, 2011. 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 First Amended 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

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entry of findings and violations consistent with the allegations of the First Amended 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

Sheedy entered the securities industry in February 1991, when he associated with a FINRA member firm. Sheedy subsequently registered with nine different FINRA member firms, including Cambridge Legacy Securities, LLC ("CLS"), from June 2006 to January 2008. He registered with one other member firm before leaving the broker-dealer industry on August 4, 2008. Sheedy currently serves as a Managing Director of an investment advisory firm. During his career in the broker-dealer industry, Sheedy obtained Series 3, 6, 7, 63 and 65 securities licenses. He has no prior disciplinary history.

Although Sheedy has not been associated with a FINRA member firm since August 4, 2008, he remains subject to FINRA's jurisdiction for purposes of this proceeding, pursuant to Article V, Section 4 of FINRA's By-Laws, because: (1) the First Amended Complaint was filed within two years after the date upon which Sheedy ceased to be associated with a FINRA member, and (2) the First Amended Complaint charges him with misconduct committed while he was associated with a FINRA member.

FINDINGS AND CONCLUSIONS

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

CAUSE OF ACTION
Private Securities Transactions (Rules 3040 and 2110)

In or about May 2007, Sheedy engaged in private securities transactions by facilitating investments by two CLS customer in securities issued by Safetech Medical Products, Inc. in the form of "*Investment Agreements*."

In approximately May 2007, Sheedy told CLS customers NM and SM, two brothers, about the Safetech investment. According to the *Investment Agreements* issued by Safetech, the company invested in and brokered life settlement contracts.

Sheedy participated in the customers' Safetech investments by reviewing the customers' *Investment Agreements*; providing the customers with wiring instructions for Safetech; providing status updates to the customers regarding their investments; and telling the customers to call him if they had any questions about their Safetech investments. Sheedy utilized an unapproved, personal e-mail account to communicate with the customers.

On or about May 10, 2007, customer NM invested \$225,000 in the Safetech investment. Pursuant to the terms of his *Investment Agreement*, NM was to receive a return of his principal plus \$27,000 within five days of the end of the investment period for which certain life settlement contracts are invested.

On or about May 14, 2007, customer SM invested \$125,000 in the Safetech investment. Pursuant to the terms of his *Investment Agreement*, SM was to receive a return of his principal plus \$15,000 within five days of the end of the investment period for which certain life settlement contracts are invested.

Neither of the customers received the return of their investment principal or the promised investment returns. All of their funds were lost.

Sheedy failed to give written notice of his intention to participate in the offer and sale of the Safetech investment to, and failed to obtain written approval from, his employer member firm prior to engaging in such activities.

Based on the foregoing, Respondent Sheedy violated NASD Rules 3040 and 2110, as alleged in the First Amended Complaint.

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 Sheedy be suspended from association with any FINRA member in any capacity for a period of two years and be assessed a monetary fine in the amount of \$25,000.

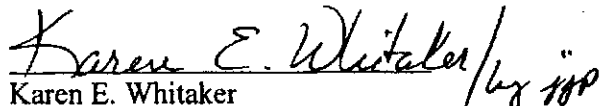
The fine shall be due and payable either immediately upon reassociation with a member firm following the two-year suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

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


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