

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090162543 02**

**To: Department of Enforcement
FINRA**

**Re: Mark Edward Diemer
General Securities Principal and Municipal Securities Principal
CRD No. 1280910**

Pursuant to FINRA Rule 9216 of FINRA Code of Procedure, I, Mark Edward Diemer (Diemer), 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

Diemer entered the securities industry in June 1984. From January 5, 2006 through June 30, 2010, Diemer was associated with broker-dealer Equity Concepts, Inc. (Equity) as its President, Chief Compliance Officer (CCO) and the Anti-Money Laundering Compliance Officer (AMLCO).

On June 30, 2010, Equity filed a Form U5 for Diemer. Consequently, FINRA retains jurisdiction over Diemer pursuant to Article V, Section 4 of the FINRA Bylaws.

Relevant Disciplinary History

Diemer has not been the subject of prior formal disciplinary action by FINRA.

Overview

Diemer, acting in his capacity as the AMLCO of Equity, failed to implement policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions under 31 U.S.C. § 5318(g) and the implementing regulations thereunder. Specifically, Diemer, acting in his capacity as the AMLCO of Equity, failed to detect, investigate and/or file Suspicious Activity Reports (SARs) as appropriate, on occasions when red flags of suspicious activity were present. By engaging in this conduct, Diemer violated NASD Conduct Rules 3011(a)-(b) and 2110, and FINRA Rule 2010.

Diemer also failed to appear for an on-the-record interview (OTR). By engaging in this conduct, Diemer violated FINRA Rules 8210 and 2010.

Facts and Violative Conduct

A. Anti-Money Laundering Violations - NASD Conduct Rules 3011(a)-(b) and 2110 and FINRA Rule 2010

Equity became a FINRA broker-dealer in January 2006. Equity is an introducing firm that maintains "piggyback" arrangements with foreign broker-dealers and executes their transactions with a clearing firm. In a piggyback arrangement, an introducing firm will "contract for clearing services with an[other] introducing, or 'intermediary' firm that, in turn, contracts directly with a clearing firm for clearing services." See NASD Notice To Members 05-72, p. 2 (October 2005). Since it became a FINRA broker-dealer, Equity maintained piggyback arrangements with at least four United States broker-dealers and at least seven foreign broker-dealers.

From at least January 2007 through at least June 2009 (the relevant period), Diemer, acting in his capacity as the AMLCO of Equity, failed to implement policies and procedures reasonably designed to detect and cause the reporting of suspicious transactions under 31 U.S.C. § 5318(g) and the implementing regulations thereunder. Diemer was CCO and AMLCO of Equity during the firm's existence, including the relevant period. As the AMLCO his responsibilities included ensuring Equity's overall compliance with NASD Conduct Rule 3011. This included, but was not limited to, detecting and then investigating suspicious activities or other activities in which "red flags" of suspicious activity were present. Diemer's responsibilities also included, when appropriate, filing SARs.

Diemer, acting in his capacity as the AMLCO of Equity, failed to discharge these responsibilities during the relevant period.

The suspicious activity referenced above includes, but is not limited to:

1. A number of customers of introducing firms with which Equity had a piggyback arrangement would, for no apparent reason, maintain multiple accounts under a single name or multiple names, and execute transactions from those multiple accounts. Equity, as part of its piggyback relationship with these firms, executed transactions with a clearing firm for those customers.
2. Further, in a number of these accounts, there were numerous transactions where large blocks of penny stocks and other low-priced securities of issuers with questionable operating and financial histories were transferred into accounts, and then sold and the proceeds wired from the accounts. Equity, as part of its piggyback relationship with these firms, executed these transactions.
3. Finally, in a number of these accounts, there were unexplained or questionable stock journals. Equity, as part of its piggyback relationship with these firms, facilitated these transactions.

Many of these suspicious activities occurred in accounts of the foreign broker-dealers with whom Equity had a piggyback relationship. Diemer failed to conduct an adequate investigation into these activities and did not file, as appropriate, any SARs during the relevant period.

By engaging in this conduct, Diemer violated NASD Conduct Rules 3011(a)-(b) and 2110, and FINRA Rule 2010.

B. Failure To Appear For OTR - FINRA Rules 8210 and 2010

Diemer appeared for an OTR with FINRA staff on October 21, 2009. Because FINRA staff had additional questions, the staff scheduled another OTR for Diemer for February 10, 2010. The OTR was scheduled to question Diemer about, among other things, suspicious transactions that occurred in accounts of the foreign broker-dealers with whom Equity had a piggyback relationship.

FINRA staff sent a notice of the OTR to Diemer's counsel. The notice was sent on February 3, 2010, and scheduled the OTR for February 10, 2010. The OTR notice was sent pursuant to and in accordance with FINRA Rule 8210.

Diemer had actual notice of the OTR. Diemer's counsel stated in a February 8, 2010 email that Diemer would not appear for his OTR. Diemer failed to appear for his February 10, 2010 OTR at a FINRA office.

By engaging in this conduct, Diemer violated FINRA Rules 8210 and 2010.

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

- A bar from association with any FINRA broker-dealer in any capacity.

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

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 3319; 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.

D. 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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(e)(39) of the Securities Exchange Act of 1934. 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 3310 and 3311).

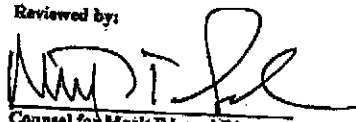
I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

Date:

9-28-10


MARK EDWARD DIEMER

Reviewed by:


Counsel for Mark Edward Diemer

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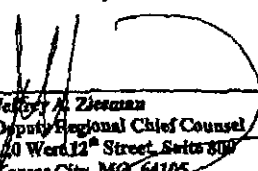
Accepted by FINRA:

October 11, 2010

Date

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

By:


Jeffrey A. Ziesman
Deputy Regional Chief Counsel
140 Ward 12th Street, Suite 800
Kansas City, MO 64105
Telephone: (816) 802-4712
Facsimile: (816) 421-4519
Email: jeff.ziesman@finra.org