

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016709003**

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

RE: David N. Cherry, Respondent
Limited Registered Representative
(CRD No. 1521648)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, David N. Cherry, 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

David N. Cherry ("Cherry") entered the securities industry as an Investment Company and Variable Contracts Products Representative of a member of FINRA on July 17, 1986. From January 2, 2002 to November 11, 2003, he was registered in the same capacity with Questar Capital Corporation ("Questar"), a member of FINRA. From December 1, 2003, to September 22, 2009, he was registered in the same capacity with Dalton Strategic Investment Services, Inc. ("Dalton"), a member of FINRA. He is currently not registered in any capacity, and he has no disciplinary history.

OVERVIEW

From August 14, 2002 to March 26, 2004, Cherry sold securities in the form of Universal Lease Programs ("ULPs") in various resort properties throughout

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Mexico and Central America in 22 transactions to a total of 17 investors. The ULPs were issued by Yucatan Resorts, S.A. ("Yucatan Resorts"), Resort Holdings International, S.A. ("Resort Holdings") and World Phantasy Tours, Inc. a/k/a Majesty Travel and (collectively referred to as the "Issuers"). Prior to placing these sales, Cherry failed to provide written notice to his employing member firms describing the sales in detail, and to receive written approval that he was permitted to sell the ULPs, in violation of NASD Rules 2110 and 3040.

FACTS AND VIOLATIVE CONDUCT

ULPs Were Securities Pursuant to the Securities Exchange Act of 1934.

1. ULPs were developed in 1999. They were, in essence, a timeshare in the Baccara Hotel, coupled with an "option" to contract with a purportedly independent, third party management company to lease the timeshare to others and to pay the investor the rental proceeds. The ULPs offered three basic options, which were to permit investors to: simply use their lease as an ordinary timeshare, and take vacations at the Baccara Hotel every year or two; sublease the unit themselves to persons who wish to vacation at the Baccara Hotel; or use the purportedly independent leasing agent to sublease the unit for them, guaranteeing a fixed rate of return. Rather than maintaining a separate independent management company, the owners of the Issuers conducted the operations of both the Issuers and the purported independent leasing agent using common staff for both. A review of over 600 ULPs showed that more than 99% of the investors selected the third option mentioned above, choosing to use the leasing agent rather than to use their timeshare units for personal vacations or be responsible themselves for subleasing their units.
2. When investors chose the third option, they signed a servicing agreement at the same time they purchased the ULPs. In the servicing agreement, the leasing agent guaranteed the rental of the investors' timeshare, agreed to collect the rent, and also agreed to pay the investors rental income and an additional "premium" in connection with a redemption option that purportedly gave each investor the right to redeem his or her ULP at any time after two years for 100% of the initial purchase price. All of the investors in this matter chose the third option.
3. The payments to ULP investors were based on a pooling of all investor funds, rather than profits from the rental of each investor's specific unit. Bank records from the U.S. bank accounts which the Issuers used to initially deposit new ULP investor funds show that from the commencement of the offering in 1999 until at least March 2004, the

payments of purported subleasing income came almost exclusively from the ULP investors' own investments, which were commingled in the same U.S. bank account and not from any sublease income.

4. Based on these and other facts, ULPs are considered sales of "securities" as that term is defined in the Securities Exchange Act of 1934.

Cherry Sold ULPs to 18 Investors Without Providing Written Notice to His Employing Member Firms.

5. During all relevant times, JV, LinH, AMD, EB, JH, AH, HEL, JS, TS, CH, PW, JC, MAJ, MS, LouH, DavC, DarC and CH were members of the public.
 6. From August 14, 2002 to March 26, 2004, Cherry participated in sales of the ULPs to JV, LinH, AMD, EB, JH, AH, HEL, JS, TS, CH, PW, JC, MAJ, MS, LouH, DavC, DarC and CH, which totaled \$499,633.04, as shown on Schedule A, attached hereto and incorporated by reference. Prior to participating in these sales of the ULPs, Cherry failed to provide Questar and Dalton with written notice about the sales of the ULP product, and failed to obtain written approval from Questar and Dalton. Cherry received approximately \$32,495.76 in commissions from his sales of the ULPs. The acts, practices and conduct described above constituted violations of NASD Rules 2110 and 3040. This conduct is aggravated by the fact that on January 10, 2003, Cherry submitted to Questar an Annual Regulatory Questionnaire that contained a statement that he had not sold or solicited any investment products or non-securities investment products, which was false.
- B. I also consent to the imposition of the sanctions of a seven-month suspension from association with any member of FINRA in any capacity, and a \$37,500 fine, which includes disgorgement of his commissions. The fine shall be due and payable either immediately upon reassociation with a member firm following the seven-month 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.

I agree to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. I have submitted an Election of Payment form showing the method by which I propose to pay the fine imposed.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

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 Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. 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 8310 and 8311).

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 8313; 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 may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.**

FROM :

FRX NO. :

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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.

11/6/09
Date

Reviewed by:

David N. Cherry
David N. Cherry
Limited Registered Representative

Counsel for Respondent

Accepted by FINRA:

11/17/09
Date

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

Richard S. Schultz
Richard S. Schultz
Senior Regional Counsel
FINRA Department of Enforcement
55 West Monroe Street, Suite 2700
Chicago, Illinois 60603-5052
(312)899-4334

Sales of the Universal Lease Program By David N. Cherry

Date	Customer's Initials	Amount Invested
8/14/2002	JV	\$42,885.00
9/3/2002	LinH	\$13,409.00
9/16/2002	AMD	\$15,000.00
11/26/2002	EB	\$20,000.00
2/5/2003	LinH	\$5,000.00
3/9/2003	JH	\$9,918.75
3/17/2003	AH	\$40,898.00
3/24/2003	HEL	\$20,000.00
3/26/2003	AMD	\$10,000.00
3/27/2003	JS	\$5,000.00
3/27/2003	TS	\$5,000.00
4/16/2003	CH	\$23,000.00
4/16/2003	PW	\$10,000.00
7/28/2003	JC	\$58,931.12
8/8/2003	MAJ	\$10,000.00
8/28/2003	MS	\$7,000.00
10/3/2003	LouH	\$6,000.00
12/3/2003	DavC	\$84,000.00
12/9/2003	DarC	\$40,000.00
12/9/2003	CH	\$53,591.17
1/12/2004	PW	\$10,000.00
3/26/2004	HEL	\$10,000.00

Totals**\$499,633.04**