

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009016709019**

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

RE: Dean I. Cronister, Respondent
Registered Principal
(CRD No. 57470)

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Dean I. Cronister, 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

Dean I. Cronister ("Cronister") entered the securities industry as a General Securities Representative of a FINRA registered firm on November 1, 1973. From August 9, 2002 to May 21, 2003, Cronister was registered in such capacity with MTL Equity Products, Inc. ("MTL Equity"), a FINRA registered firm. From May 29, 2003 to November 21, 2003, Cronister was registered in such capacity with High Mark Securities, Inc. ("High Mark"), a former FINRA registered firm. From November 21, 2003 to September 30, 2005, he was registered in the same capacity with Princor Financial Services Corporation ("Princor"), a FINRA registered firm. On November 4, 2005, Cronister became registered with another FINRA registered firm in such capacity, and on November 27, 2007, Cronister also became registered as a General Securities Principal with that Firm. Cronister's registrations with that Firm were terminated on August 18, 2010. He is currently not registered with any FINRA registered firm, and he has no disciplinary history.

000050094 2011

OVERVIEW

From February 12, 2003 to April 21, 2004, Cronister sold securities in the form of Universal Lease Programs ("ULPs") in various resort properties throughout Mexico and Central America to six 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 (collectively referred to as the "Issuers"). Prior to placing these sales, Cronister failed to provide written notice to his employing firm at the time of the transaction, which described the sales in detail, and to receive written approval that he was permitted to sell the ULPs from these Firms, in violation of NASD Rules 2110 and 3040. From January 2003 to March 2004, Cronister received \$64,491.64 from Resort Holdings as compensation for sales of ULPs made by other individuals, while failing to provide prompt written notice that he was receiving such compensation, which related to an outside business activity, to his employing firm, in violation of NASD Rules 2110 and 3030.

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 that Cronister sold to 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.

**Cronister Sold ULPs to Six Investors Without
Providing Written Notice to His Employing Firms,
in violation of NASD Rules 2110 and 3040.**

5. During all relevant times, DD, RL, GJ, MB, VM, and AT were members of the public.
6. On or about February 12, 2003, Cronister participated in a sale of \$85,000 worth of the ULP to DD, as shown on Schedule A, attached hereto and incorporated by reference. Prior to participating in this sale of the ULPs, Cronister failed to provide MTL Equity with written notice about the sale of the ULP product, and failed to obtain written approval from MTL Equity.
7. On or about July 25, 2003 and August 12, 2003, Cronister participated in a sale of a total of \$101,302.51 worth of the ULPs to RL and GJ, as shown on Schedule A. Prior to participating in these sales of the ULPs, Cronister failed to provide High Mark with written notice about the sale of the ULP product, and failed to obtain written approval from High Mark.
8. From about December 23, 2003 to about April 21, 2004, Cronister participated in a sale of a total of \$80,000 worth of the ULPs to MB, VM, and AT, as shown on Schedule A. Prior to participating in these sales of the ULPs, Cronister failed to provide Princor with written notice about the sale of the ULP product, and failed to obtain written approval from Princor.

9. In total, Cronister received approximately \$33,080 in commissions from his sales of the ULPs.
10. The acts, practices and conduct described above constituted violations of NASD Rules 2110 and 3040.

**Cronister Engaged in Outside Business Activities,
in Violation of NASD Rules 2110 and 3030.**

11. During all relevant times, Diversified Financial Concepts, Ltd. ("Diversified") was a corporation, wholly owned by Cronister. Diversified never had any employees, but only independent agents that sold either insurance products or interests in ULPs. Diversified's only source of income was insurance and ULP sales. Cronister found agents who became associated with Diversified through seminars, marketing and networking. He referred these individuals to another agent for the Issuers, to sell ULPs, and knew that he would receive an override if the individuals he referred to the other agent sold interests in the ULPs.
12. During January and March 2003, Cronister, while employed with MTL, engaged in outside business activities and accepted compensation from Resort Holdings in the form of two checks, which totaled \$5,617.79, made payable to the order of Diversified, as shown on Schedule B, which is attached hereto and incorporated by reference. The checks were for sales of ULPs that were made by independent agents of Diversified. Cronister failed to provide prompt written notice of his outside business activities to MTL.
13. During September and October 2003, Cronister, while employed with High Mark, engaged in outside business activities and accepted compensation from Resort Holdings in the form of three checks, which totaled \$10,389.97, made payable to the order of Diversified, as shown on Schedule B. The checks were for sales of ULPs that were made by independent agents of Diversified. Cronister failed to provide prompt written notice of his outside business activities to High Mark.
14. From December 2003, to March 2004, Cronister, while employed with Princor, engaged in outside business activities and accepted compensation from Resort Holdings in the form of seven checks, which totaled \$48,483.88, made payable to the order of Diversified, as shown on Schedule B. The checks were for sales of ULPs that were made by independent agents of Diversified. Cronister failed to provide prompt written notice of his outside business activities to Princor.

15. Cronister's conduct is aggravated by the fact that on December 3, 2003, and March 24, 2004, Cronister participated in a face-to-face interview with a compliance officer of Princor, and acknowledged that he understood that all forms of outside business activities must be disclosed to Princor via an Outside Business Activity Form and that he must receive written approval from Princor prior to engaging in any outside business activity. In fact, the forms which Cronister signed contained the following statement:

I hereby acknowledge that I have read and understood the content of this compliance checklist, and have been given the opportunity to have any of the statements explained to me, and have not engaged in or observed any activity that would be required to be disclosed to Princor as specified by this checklist from the time of the last Face-to-Face Compliance meeting.

Cronister never provided oral or written notification that he was, in fact, engaging in outside business activity and receiving the overrides on the sale of ULPs by other individuals.

16. The acts, practices and conduct described above constituted violations of NASD Rules 2110 and 3030.

- B. I also consent to the imposition of the sanctions of a six-month suspension from association with any member of FINRA in any capacity, and a \$43,000 fine, which includes disgorgement of my commissions. The fine shall be due and payable either immediately upon reassociation with a member firm following the six-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.

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.

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

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.

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.

03/18/2011

Date

Dean L. Cronister

Dean L. Cronister

Registered Principal

Reviewed by:

[Signature]
Counsel for Respondent

Accepted by FINRA:

4/4/11
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

Disciplinary Proceeding No. 2009016709019
Schedule A

Sales of the Universal Lease Program By Dean I. Cronister

Date	Customer's Initials	Amount Invested By Customer	Cronister's Employer
2/12/2003	DD	\$85,000.00	MTL
7/25/2003	RL	\$23,302.51	High Mark
8/12/2003	GJ	\$78,000.00	High Mark
12/23/2003	MB	\$50,000.00	Princor
12/24/2003	VM	\$20,000.00	Princor
4/21/2004	AT	\$10,000.00	Princor

Total \$266,302.51

Disciplinary Proceeding No. 2009016709019
Schedule B

Override Commissions Received by Cronister

Date of Check	Check Amount	Cronister's Employer
January 6, 2003	\$2,700.00	MTL
March 11, 2003	\$2,917.79	MTL
September 22, 2003	\$1,800.00	High Mark
October 7, 2003	\$5,200.00	High Mark
October 22, 2003	\$3,389.97	High Mark
December 3, 2003	\$17,281.98	Princor
December 31, 2003	\$3,947.78	Princor
January 5, 2004	\$6,093.25 ¹	Princor
January 23, 2004	\$10,268.84	Princor
February 2, 2004	\$2,414.03	Princor
February 4, 2004	\$1,650.00	Princor
March 5, 2004	\$6,828.00	Princor
Total	\$64,491.64	

¹ \$7,000 was deducted from the total amount of the check, which was \$13,093.25, because that amount was attributable to the amount that Cronister earned from his sale of the ULP to MB.