

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009018233802**

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

RE: Cleves Richard Delp (CRD 2368975)
Respondent

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Cleves Richard Delp ("Delp" or "Respondent"), submits 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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

Delp entered the securities industry in 1993. He has Series 6, 7, 24 and 63 licenses. Delp was registered with LPL Financial, LLC (the "firm") from 1993 until April 7, 2010, when the firm filed a Form U5. FINRA retains jurisdiction over Respondent pursuant to Article V, Section 4(a), of the By-Laws because the conduct that serves as the basis for this action commenced prior to his termination of registration from a FINRA regulated broker-dealer and this AWC has been filed within two years after the effective date of Respondent's last termination of registration from a FINRA regulated broker-dealer.

FACTS AND VIOLATIVE CONDUCT

1. At all times relevant to this matter, Respondent was a shareholder and employee of an independent insurance agency. Respondent disclosed his outside life insurance business activity to the firm when he joined the firm in 1993.
2. As part of his outside life insurance business, starting in 2001, Respondent brokered fixed term or whole life settlements for his insurance customers.

Respondent's insurance agency received a commission for most of the life settlement transactions it brokered.

3. In late 2005, the firm revised its written supervisory procedures to prohibit its registered representatives from participating in life settlements unless processed through the firm and limited to products offered by the firm through approved firm sponsors.
4. From about March 2006 to June 2008, Respondent's outside business insurance company facilitated 26 insurance company customers' sales of fixed term or whole life insurance policies to third-party companies. The life settlements were not brokered through the firm and most were not brokered with approved firm sponsors, as required by the firm's revised procedures.
5. In May 2006, Respondent formed Exclusive Marketing Organization, Inc. ("EMO"), in which he owned a half-interest. EMO's business was to negotiate, on behalf of Respondent and other participating individual insurance brokers commission rates from life insurance companies for insurance policies that they brokered.
6. Respondent failed to provide prompt written notice to his firm that he was employed by, or accepted compensation from, another person as a result of the outside business activities described above, in violation of NASD Rules 3030 and 2110.
7. Respondent was a general securities principal responsible for supervising several registered representatives at a firm branch office. Respondent failed to reasonably enforce his firm's written supervisory procedures prohibiting its registered representatives from participating in life settlements, except with certain limitations. Respondent's supervisory failure allowed another registered representative in the branch office that Respondent supervised to also broker life settlement transactions from 2006 to 2008. The foregoing conduct constitutes violations of NASD Rules 3010 and 2110.

B. Respondent consents to the imposition of the following sanctions:

1. A 30-business-day suspension in all capacities from associating with any FINRA member; and
2. A \$20,000 fine.

The fine shall be due and payable either immediately upon Respondent's re-association with a member firm following the term of suspension, 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.

Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4, of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, Respondent 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).

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

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against Respondent;
- B. To be notified of the 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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

Respondent understands 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent’s 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. Respondent 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. Respondent 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 Respondent’s right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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.

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Pebble Beach

(FAX)

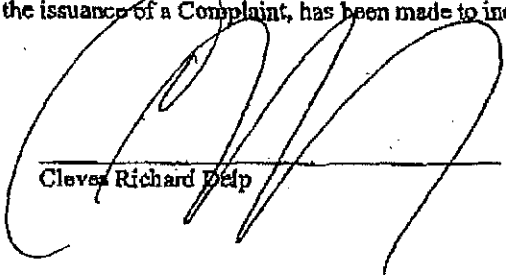
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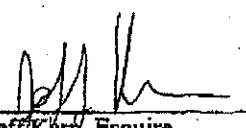
10/31/2011 MON 15:15 FAX 4198919993 The Delp Company

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Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has 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 him to submit it.

10/31/11
Date

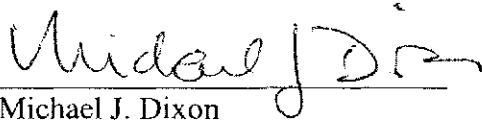

Cleve Richard Delp


Jeff Korn, Esquire
Sheppard Mullin Richter & Hampton LLP
30 Rockefeller Plaza
New York, NY 10112-0015
Counsel for Respondent

Accepted by FINRA:

November 8, 2011
Date

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



Michael J. Dixon
Senior Counsel
Department of Enforcement