

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009018398701**

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

RE: Daniel A. Contreras, Respondent
CRD No. 4151950

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Daniel A. Contreras ("I," "Contreras" 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 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

Contreras first became associated with a FINRA regulated broker-dealer in February 2000. From July 2003 until April 2009, Contreras was registered as a General Securities Representative with Multi-Financial Securities Corporation (the "Firm"). Contreras has not been associated with a FINRA regulated broker-dealer since his termination from the Firm on April 9, 2009. 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 Contreras' last termination of registration from a FINRA regulated broker-dealer.

OVERVIEW

Between January 2008 and March 2008, while registered with the Firm, Contreras engaged in private securities transactions by recommending that four of his customers invest in promissory notes issued by LG Exotics Inc. ("LG Exotics"), which was not a Firm approved investment. The customers invested over \$125,000 in the promissory notes and lost their entire investments. Additionally, between January 2008 and January 2009, Contreras borrowed approximately \$65,000 from eight of his customers. The Firm's written procedures prohibited registered representatives from borrowing money or securities from customers. In addition, Contreras failed to respond to FINRA's requests for information and testimony made pursuant to FINRA Rule 8210

By virtue of this conduct, Contreras violated NASD Rules 3040, 2370 and 2110 and FINRA Rules 8210 and 2010.

FACTS AND VIOLATIVE CONDUCT

Between January 2008 and March 2008, while Contreras was registered with the Firm, he engaged in private securities transactions by recommending that four of his customers invest in LG Exotics' promissory notes. LG Exotics was a California Corporation and the parent company of brand names Lotion Glow and Xotix Spa. It was a manufacturer of all-natural pure soy skin care products. The LG Exotics promissory notes were securities that were not Firm approved investments. Contreras failed to provide written notice to his firm describing in detail the proposed transactions and his proposed role therein and stating whether he had received or may receive selling compensation in connection with the transactions. In late 2008, early 2009, LG Exotics filed for Chapter 13 Bankruptcy. All of Contreras' customers lost their entire investment.

During Contreras' employment at the Firm, the Firm's written procedures also prohibited registered representatives from borrowing money or securities from any prospects or customers, including non-Firm prospects/customers.

Between January 2008 and January 2009, while Contreras was registered with the Firm, he borrowed approximately \$65,000 from eight of his customers. He has failed to pay back any of the money he borrowed.

Participating in Private Securities Transactions and Borrowing Customers' Funds

Customers JF and DF

In February 2008, Contreras recommended that JF and DF (husband and wife) invest in LG Exotics' promissory notes. Based on Contreras recommendation, JF and DF invested \$50,000 in one promissory note. The promissory note was issued for a period of one year

and offered an interest rate of 20%. Contreras never gave the Firm any notice, written or otherwise of his recommendation of LG Exotics' promissory notes to JF and DF.

In May 2008, Contreras borrowed \$10,000 from JF. Contreras evidenced this loan by signing a promissory note stating that he would pay 10% interest on the principal with the note due anytime after 90 days.

Customer JV

In early 2008, Contreras recommended that JV invest in LG Exotics' promissory notes. Based on Contreras recommendation, JV invested \$50,000 in one LG Exotics' promissory note. Contreras never gave the Firm any notice, written or otherwise of his recommendation of LG Exotics' promissory notes to JV.

In August 2008, Contreras borrowed \$20,000 from JV. Contreras evidenced this loan by signing a promissory note stating that he would pay 20% interest on the principal with the note due anytime after 180 days.

Customer MM

In February 2008, Contreras recommended that MM invest in LG Exotics' promissory notes. Based on Contreras recommendation, MM invested \$25,000 in one LG Exotics' promissory note. Contreras never gave the Firm any notice, written or otherwise of his recommendation of LG Exotics' promissory notes to MM.

In September 2008, Contreras borrowed \$10,000 from MM. Contreras evidenced this loan by signing a Memorandum of Understanding dated July 20, 2009, in which he agreed to pay a total of \$81,805 which included, among other things, the \$10,000 loan plus additional interest and penalties and the original principal amount of \$25,000 that MM invested in the LG Exotics' promissory note.

Customer EW

In early 2008, Contreras recommended that EW invest in LG Exotics' promissory notes. Based on Contreras recommendation, EW invested an undisclosed amount in LG Exotics' promissory notes. Contreras never gave the Firm any notice, written or otherwise of his recommendation of LG Exotics' promissory notes to EW.

In June 2008, Contreras borrowed \$5,000 from EW. Contreras evidenced this loan by signing a promissory note stating that he would pay 15% interest on the principal with the note due anytime after 180 days.

Customer DE

In July 2008, Contreras borrowed \$5,000 from DE. Contreras evidenced this loan by signing a promissory note stating that he would pay 10% interest on the principal with the note due anytime after 90 days.

Customer GP

In November 2008, Contreras borrowed \$5,000 from GP. Contreras evidenced this loan by signing a promissory note stating that he would pay 15% on the principal with the note due anytime after 180 days.

Customer RV

In January 2009, Contreras borrowed \$10,000 from RV. Contreras evidenced this loan by signing a promissory note stating that he would pay 15% on the principal with the note due anytime after 365 days.

Contreras' actions described above constitute violations of NASD Rules 3040, 2370 and 2110, and FINRA Rule 2010.

Failure to Cooperate

By letters dated October 6, 2010, November 5, 2010 and November 22, 2010, FINRA staff requested information and testimony from Contreras pursuant to FINRA Rule 8210. Contreras failed to respond to those requests.

Contreras' actions constitute violations of FINRA Rules 8210 and 2010.

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

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

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

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 Complaint issued specifying the allegations against me;
- 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, 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:

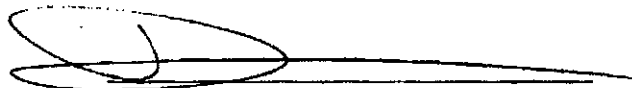
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule

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.

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.

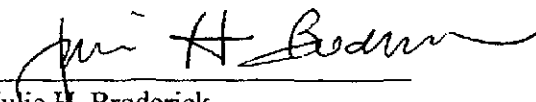
1/31/11
Date


Daniel A. Contreras
Respondent

Accepted by FINRA:

2/22/11
Date

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



Julie H. Broderick
Director
Department of Enforcement
FINRA
14 Wall Street
New York, New York 10005
Phone: 646-315-7313
Fax: 202-689-3414