

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 200901855860**

**To: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)**

**Re: Askar Corp.
CRD No. 7512**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Askar Corp. 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 Askar alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Askar 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

Askar has been a FINRA broker-dealer since December 19, 1977. Askar conducts a general securities business with its headquarters in Bloomington, Minnesota. Askar employs approximately 34 registered persons who operate from 24 branch offices.

Relevant Disciplinary History

Askar has not been the subject of prior formal disciplinary action by FINRA that is relevant to this matter.

Overview

Askar failed to conduct adequate due diligence for a Regulation D offering sponsored by DBSI. Through this conduct, Askar violated NASD Conduct Rules 3010 and 2110.

Facts and Violative Conduct

NASD Conduct Rule 3010 requires registered broker-dealers to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and FINRA Rules. A broker-dealer must conduct due diligence on its securities products in order to understand the inherent risks of these products and to determine whether these products are suitable for its customers. This due diligence is especially important for alternative investments or private offerings, such as Regulation D offerings, where there is no registration of the securities with the SEC.

From 1994 through 2008, DBSI, Inc. and its affiliates sponsored approximately \$2 billion in Regulation D offerings relating to real estate. The investments offered included notes, units of participation, partnerships, REITs, and tenants-in-common. DBSI and its affiliates filed for Chapter 11 bankruptcy in November 2008, and DBSI defaulted on its obligations in many of these offerings.

One of the defaulted DBSI offerings was the DBSI 2008 Notes Corporation. In this offering, investors purchased corporate notes with a promised annual return of 9.5%. DBSI represented that the primary use of the proceeds of this offering would be to make loans to real estate entities with an 11.5% interest rate. DBSI further represented that its income on these loans would generate sufficient funds to pay the 9.5% annual return promised to investors.

Askar sold \$1,358,500 of the DBSI 2008 Notes Corporation offering to thirteen customers from February 20, 2008 through July 8, 2008. DBSI paid Askar \$30,642 in dealer concessions and due diligence fees for Askar's sales of this offering.

Askar did not conduct adequate due diligence of this DBSI offering before selling it to its customers. Askar had adequate procedures to address due diligence of new products, but it did not follow those procedures with regard to this DBSI offering. Askar simply reviewed the offering documents and sales materials provided by DBSI before approving the product for sale, without independently verifying DBSI's representations in the offering documents.

Without following its due diligence procedures, Askar could not reasonably determine whether this offering was suitable for its customers. Through this conduct, Askar violated NASD Conduct Rules 3010 and 2110.

B. Askar also consents to the imposition of the following sanctions:

1. A censure; and
2. A fine of \$45,000.

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

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

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

II. WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against Askar;
- 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, Askar 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.

Askar 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

Askar 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 Askar; and
- C. If accepted:
 - 1. this AWC will become part of Askar's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against Askar;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Askar'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. Askar 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. Askar 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 Askar's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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