

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009018726502**

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

RE: David B. Slagter, Respondent
CRD No. 1998206

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, David B. Slagter ("I," "Slagter" 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

Slagter first became registered with FINRA as an Investment Company Products/Variable Contracts Representative ("IR") in November 1989. In May 2002, he joined World Equity Group, Inc. (the "Firm" or "WEG") as an IR and remained there until he resigned in July 2007. Since August 2007, Slagter has been registered as an IR with World Group Securities, Inc.

Slagter has no prior relevant disciplinary history.

OVERVIEW

Between April 2006 and December 2007 Slagter participated in private securities transactions by introducing two customers and one other individual to a principal of Mortgage Desk, Inc. ("Mortgage Desk"). These individuals invested in what were purportedly high yield corporate bonds issued by Mortgage Desk which were not Firm approved investments. These individuals invested a total of \$490,599 in the Mortgage

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Desk bonds and lost approximately \$475,599. Slagter did not give notice to and receive approval from the Firm before participating in these private securities transactions. Between January 2006 and January 2007, Slagter also engaged in an unapproved outside business activity by working as a loan originator for Mortgage Desk. Slagter's actions constitute violations of NASD Rules 3040, 3030 and 2110.

FACTS AND VIOLATIVE CONDUCT

Between April 2006 and December 2007 Slagter participated in private securities transactions by introducing two Firm customers and one other individual to a principal of Mortgage Desk. These individuals invested in what were purportedly high yield corporate bonds issued by Mortgage Desk, which was a mortgage processing company. The Mortgage Desk bonds, which were not Firm approved investments, were described by Mortgage Desk as securities issued for a period of 12 months and guaranteed a return of 10.25%.

CS was a customer of Slagter before he joined the Firm in 2002. She purchased a variable life insurance policy through Slagter at the Firm in 2006. In mid-2006 Slagter introduced CS to and provided her with the telephone number of, the principal of Mortgage Desk who recommended that CS invest in Mortgage Desk bonds. CS invested a total of \$25,000 in Mortgage Desk bonds, all of which she lost.

HM became a customer of Slagter at the Firm in 2003. In February 2003, he purchased a variable annuity through Slagter. In the fall of 2006 Slagter introduced HM to and provided him with the telephone number of, the principal of Mortgage Desk who recommended that HM invest in Mortgage Desk bonds. HM invested a total of \$15,000 in Mortgage Desk bonds.

RP was not a customer of the Firm. WD, a fellow registered representative at the Firm, introduced Slagter to RP in early 2006. In the summer of 2006 Slagter introduced RP to and provided him with the telephone number of the principal of Mortgage Desk who recommended that RP invest in Mortgage Desk bonds. Slagter facilitated communications between RP and the principal of Mortgage Desk and attended a luncheon meeting between them. RP invested a total of \$450,599 in Mortgage Desk bonds, all of which he lost.

Slagter did not give written notice to and receive approval from the Firm before participating in the Mortgage Desk bonds private securities transaction of CS, HM and RP outside the regular scope of his employment with the Firm.

Between January 2006 and January 2007, Slagter also engaged in an unapproved outside business activity by working as a loan originator for Mortgage Desk without notifying or requesting the approval of his member firm employer. Specifically, Slagter worked as a mortgage loan originator for Mortgage Desk and trained other mortgage representatives

to use mortgage software that was owned by Mortgage Desk. Slagter earned \$41,744 in compensation from Mortgage Desk while employed at his member firm. Slagter did not request or receive permission from WEG to engage in this outside business activity.

Slagter violated NASD Rules 3040 and 2110 by participating in the Mortgage Desk bond private securities transactions of CS, HM and RP without providing the requisite prior written notification to his Firm. Slagter also violated NASD Rules 3030 and 2110 by engaging in an unapproved outside business activity for compensation.

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

- A suspension from association with a member firm in all capacities for four (4) months.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

The sanction 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 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.

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.

7/1/2011
Date

David B. Slagter
David B. Slagter
Respondent

Reviewed by:

Michael P. Gilmore
Michael P. Gilmore, Esq.
Counsel for Respondent
Sims Moss Kline & Davis LLP
129 Third Street
Mineola, NY 11501
(516) 739-9009

Accepted by FINRA:

8/11/11
Date

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

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