

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
No. 20090190416**

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

RE: David J. DeWald
CRD No. 2782171

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, David J. DeWald ("DeWald") 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. DeWald 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 without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

DeWald entered the securities industry in June 1996 as an unregistered cold caller with Olde Discount Corporation, where he remained until August 1996. He has since been associated with six FINRA-regulated broker-dealers. DeWald qualified as a Series 7 General Securities Representative in August 2000. From May 2004 through April 2008 DeWald worked as a registered representative ("RR") for Morgan Stanley DW Inc. and Morgan Stanley & Co. Inc. (collectively, "Morgan Stanley" or the "Firm"). On or about April 29, 2008, Morgan Stanley filed a Uniform Termination Notice for Securities Industry Registration reporting that DeWald was discharged for, among other things, recommending that two Firm clients invest in National Foundation of America ("NFOA"), a company with no affiliation to Morgan Stanley, and failing to provide notice of the proposed transactions in contravention of Firm policy. DeWald has no prior disciplinary history and is not currently employed in the securities industry. FINRA currently retains jurisdiction over DeWald.

000056201 2010

OVERVIEW

Between February and April 2007, DeWald sold to two customers four installment plan contracts offered by NFOA, a Tennessee non-profit corporation that represented itself to the public as a charitable organization. The NFOA installment plan contracts promised a tax deduction, as well as fixed deferred payments at an unspecified rate of return, in exchange for each customer's transfer of ownership of existing annuities to NFOA. DeWald's customers exchanged existing annuities with a combined accumulated value of \$639,662.61 for NFOA installment plan contracts. In order for NFOA investors to qualify for the above-referenced charitable tax deduction, NFOA was required to hold tax exempt status under §501(c)(3) of the Internal Revenue Code ("IRC"). Although NFOA applied for tax exempt status under §501(c)(3) of the IRC, its application was never approved by the Internal Revenue Service ("IRS"). Accordingly, customers who purchased NFOA installment plan contracts were unable to claim a tax deduction in connection with their NFOA investments.

The NFOA installment plan contracts are investment contracts and constitute securities. DeWald did not provide written notice of his participation in the above-referenced transactions to his member firm employer or receive its written approval in violation of NASD Rules 3040 and 2110. DeWald also recommended that his customers purchase a security without having a reasonable basis for such recommendation in violation of NASD Rules 2310 and 2110. In connection with his sale of these NFOA installment plan contract sales, DeWald provided the customers with illustrations and other NFOA sales materials that contained misleading and incomplete information in violation of NASD Rule 2210 and 2110. DeWald also misrepresented to his two customers that they could take charitable tax deductions in connection with their respective investments, which was not true, in violation of NASD Rule 2110. Additionally, DeWald failed to comply with Enforcement's requests for production of certain documents made pursuant to FINRA Rule 8210.

On or about June 21, 2007, amidst allegations that NFOA directors had used investor funds to pay personal expenses and purchase automobiles and a condominium, the State of Tennessee placed NFOA in receivership and, later, into liquidation. DeWald's customers initially lost all or most of their investment, though 79% was returned pursuant to the liquidation.

FACTS AND VIOLATIVE CONDUCT

Background of National Foundation of America

NFOA, founded in 2006, was incorporated in Tennessee and claimed to be a charitable organization under §501(c)(3) of the IRC. Its president and Chief Executive Officer ("CEO"), ran the organization from his Brentwood, Tennessee home. The CEO's wife held the position of Secretary with NFOA, which also employed other members of the CEO's family.

Federal tax law provides tax benefits to nonprofit organizations recognized as exempt from federal income tax under §501(c)(3) of the IRC and to investors of the qualified charitable organization. NFOA promised potential investors both tax benefits in connection with its claimed tax exempt status and profits on their investments. NFOA customer funds were held and invested in trust accounts in the name of NFOA, with investments directed by an investment advisor hired by NFOA.

NFOA offered "installment plan contracts" whereby investors transferred their ownership of stocks, annuities, real estate or cash to NFOA in exchange for fixed annual or monthly payments over a term chosen by the investor. In addition to a tax deduction, NFOA promised investors fixed deferred payments at an unspecified rate of return.

NFOA submitted its Application for Recognition of Exemption under §501(c)(3) of the Internal Revenue Code in January 2006 on the same day that it was incorporated in the State of Tennessee. On or about December 17, 2007, the IRS issued its initial Determination Letter to NFOA concluding that NFOA does not qualify for exemption under §501(c)(3) of the IRC. This finding became final on or about February 6, 2008.

In 2007, it was revealed that NFOA customer funds were used to lease automobiles for CEO and his wife – the only authorized users. It was further revealed that NFOA customer funds were used to purchase furniture for the CEO's home, charter a private jet for a family vacation to New Orleans and purchase a condominium in Las Vegas, among other things. In June 2007, NFOA was placed into receivership by the Chancery Court of Davidson County, Tennessee. In or about September 2007, NFOA was placed into liquidation.

DeWald Learns about NFOA

DeWald learned about the product offered by NFOA through his father, an insurance agent living in the State of Florida. Upon learning about NFOA, DeWald checked Morgan Stanley's approved products list to determine whether he could sell the product through the Firm. Although NFOA was not on the Firm's approved products list, DeWald nonetheless recommended and sold NFOA contracts to two Firm customers.

DeWald's Sales of NFOA Securities

Customer LFM

Customer LFM was a 92-year old retired builder, who had been a DeWald customer intermittently since 1999. During 2007, Customer LFM held three accounts at the Firm with DeWald as the assigned registered representative.

In or about early 2007, DeWald met with customer LFM and suggested that he exchange an existing annuity issued by a life insurance company for a NFOA installment plan contract. DeWald informed Customer LFM that NFOA was a charitable, tax exempt §501(c)(3) organization and represented that the investment would result in a tax

deduction. This representation was not true. Issues concerning the tax deductibility of the NFOA product are clearly material as the availability of a tax deduction was a key feature of the NFOA installment plan contract and a significant factor in Customer LFM's decision to invest.

On or about February 8, 2007, Customer LFM executed a NFOA Installment Plan Contract and Agreement outlining payment terms indicating that in exchange for an annuity with an accumulated value of \$445,825.37, Customer LFM would receive 156 monthly payments of \$3,286.10 commencing on April 1, 2007. The Installment Plan Contract and Agreement signed by Customer LFM falsely indicated that NFOA was recognized by the IRS as a 501(c)(3) charitable organization. Customer LFM also executed transfer of ownership forms for the life insurance company annuity that he exchanged. DeWald assisted Customer LFM in completing the NFOA Installment Plan Contract and Agreement as well as the transfer of ownership documents. DeWald submitted these documents to his father. Customer LFM had no contact with DeWald's father during DeWald's solicitation and sale of the NFOA Installment Plan Contract and Agreement and was unaware of any involvement by DeWald's father in the NFOA transaction.

About two weeks later, DeWald received from his father copies of Customer LFM's NFOA Installment Plan Contract and Agreement executed by NFOA as well as illustrations related to Customer LFM's NFOA contract, including a cover page identifying DeWald's father as the "presenter," an "Installment Plan Flow Chart" ("Flow Chart") and a "1099 Statement" (collectively, the "Solicitation Documents").

DeWald presented to Customer LFM and reviewed with him the fully executed NFOA Installment Plan Contract and Agreement and the Solicitation Documents. The Flow Chart graphically depicted the terms of Customer LFM's NFOA Installment Plan Contract and Agreement, including the amount of the investment, the total payout at the conclusion of the contract's term, the amount of the available tax deduction and the tax savings. The Flow Chart also outlined payment terms consistent with those listed in the Installment Plan Contract and Agreement and referenced a tax deduction of \$169,308, a tax savings of \$42,327, and a total payout of \$512,631.69 over the 13 year term. The 1099 Statement detailed the number and amount of scheduled payments that Customer LFM would receive in exchange for the transferred asset and listed that portion of the annual payment which was to be "reported as tax free" and that portion which was to be reported as "ordinary income."

NFOA subsequently issued to DeWald's father a commission check dated February 25, 2007, in the amount of \$40,124.27, which represents approximately 9% of the value of the annuity Customer LFM transferred to NFOA.

In June 2007, customer LFM was notified by the State of Tennessee that NFOA had been placed in receivership, that the appointed receiver had custody of its assets and would wind-down NFOA's operations. Customer LFM submitted a claim form to the Tennessee receiver seeking the return of principal on his NFOA investment. Customer

LFM's claim was approved for \$404,836.96. Thereafter, Customer LFM received disbursements from the Tennessee receiver in May and November 2008. Customer LFM was reimbursed \$319,821.19 or approximately 79% of his principal investment pursuant to the liquidation. Customer LFM is expected to receive an additional 3% or 4% disbursement from the NFOA liquidator via a final distribution in the near future.

Customer MM

Customer MM was a 90 year-old retired widow. During 2007, she maintained four accounts at the Firm with DeWald as the assigned registered representative.

In or about February 2007, DeWald met with customer MM, to discuss her Morgan Stanley accounts. During that meeting Customer MM mentioned three annuities that she wished to surrender. DeWald recommended an investment in NFOA. DeWald represented that NFOA was a tax exempt charitable organization pursuant to §501(c)(3) of the IRC and that she would receive a tax deduction in connection with the purchase of an NFOA Installment Plan Contract and Agreement. This representation was not true. Issues concerning the tax deductibility of the NFOA product are clearly material as the availability of a tax deduction was a key feature of the NFOA installment plan contract and a significant factor in Customer MM's decision to invest.

On or about February 23, 2007, Customer MM executed a NFOA Installment Plan Contract and Agreement outlining payment terms which indicated that in exchange for an annuity with an accumulated value of \$118,977.49, Customer MM would receive 120 monthly payments of \$1,105.64 commencing on May 1, 2007 ("Customer MM Contract No. 1"). On or about February 28, 2007, Customer MM executed two NFOA Installment Plan Contract and Agreements. Pursuant to the terms of the first of these NFOA Installment Plan Contract and Agreements, Customer MM transferred ownership to NFOA of a variable annuity with an accumulated value of approximately \$52,068.93 for 120 monthly payments of \$483.87 to commence on May 1, 2007 (Customer MM Contract No. 2"). Pursuant to the terms of the second of these NFOA Installment Plan Contract and Agreements, Customer MM transferred ownership to NFOA of a variable annuity with an accumulated value of approximately \$ 22,790.82 for 120 monthly payments of \$211.79 to commence on May 1, 2007 ("Customer MM Contract No. 3"). Each of the NFOA Installment Plan Contracts and Agreements signed by Customer MM falsely indicated that NFOA was recognized by the IRS as a 501(c)(3) charitable organization. Customer MM also executed transfer of ownership forms for each of the three existing annuities that she exchanged.

DeWald assisted Customer MM in completing each of the NFOA Installment Plan Contracts and Agreements as well as the transfer of ownership documents. DeWald submitted these documents to his father. Customer MM had no contact with DeWald's father during DeWald's solicitation and sale of the NFOA Installment Plan Contract and Agreement and was unaware of any involvement by DeWald's father in the NFOA transactions.

On or about April 9, 2007, DeWald provided to Customer MM and reviewed with her the fully executed NFOA Installment Contract and Agreement for Customer MM Contracts 1, 2, and 3 and corresponding sets of Solicitation Documents. Each set of Solicitation Documents included a cover page listing DeWald's father as the presenter, a Flow Chart and a 1099 Statement. The Flow Charts graphically depicted the terms of each of Customer MM's NFOA Installment Plan Contract and Agreements, including the amount of each investment, the total payout at the conclusion of each contract's term, the amount of the available tax deductions and the corresponding tax savings. The 1099 Statements detailed the number and amount of scheduled payments that Customer MM would receive in each instance exchange for the transferred asset and listed that portion of the annual payment which was to be "reported as tax free" and that portion which was to be reported as "ordinary income."

The Flow Chart and 1099 Statement corresponding to Customer MM Contract No. 1 outlined the terms contained in the Installment Plan Contract and Agreement. Additionally, the Flow Chart for Customer MM Contract No. 1 referenced a tax deduction of \$38,322, a tax savings of \$9,580 and a total payout of \$132,676.88 over the ten year term. The Flow Chart and 1099 Statement corresponding to Customer MM Contract No. 2 outlined the terms contained in the Installment Plan Contract and Agreement. Additionally, the Flow Chart for Customer MM Contract No. 2 referenced a tax deduction of \$16,771, a tax savings of \$4,193 and a total payout of \$58,064.29 over the ten year term. The Flow Chart and 1099 Statement corresponding to Customer MM Contract No. 3 outlined the terms contained in the Installment Plan Contract and Agreement. Additionally, the Flow Chart for Customer MM Contract No. 3 referenced a tax deduction of \$7,341, a tax savings of \$1,835 and a total payout of \$25,415.02 over the ten year term.

NFOA subsequently issued to DeWald's father a commission check dated April 9, 2007, in the amount of \$17,445.34 which represents approximately 9% of the value of the annuity Customer MM transferred to NFOA.

In June 2007, Customer MM was notified by the State of Tennessee that NFOA had been placed in receivership, that the appointed receiver had custody of its assets and would wind-down NFOA's operations. Customer MM submitted a claim form to the Tennessee receiver seeking the return of principal on her NFOA investment. Customer MM's claim was approved for \$188,096.46. Thereafter, Customer MM received disbursements from the Tennessee receiver in May and November 2008. Customer MM was reimbursed \$148,596.20 or approximately 79% of his principal investment pursuant to the liquidation. Customer MM is expected to receive an additional 3% or 4% disbursement from the NFOA liquidator via a final distribution in the near future.

DeWald Failed to Respond to Certain Enforcement Requests for Information

Pursuant to FINRA Rule 8210, in May 2010, FINRA staff forwarded to DeWald at his last known address as indicated in the Central Registration Depository ("CRD") by

certified and first class mail, two requests for documents and information. DeWald failed to respond to each request.

Specifically, on May 12, 2010, Enforcement forwarded a FINRA Rule 8210 request letter to DeWald at his last known address as listed on CRD by certified mail, return receipt requested, and by first class mail requesting that he provide copies of certain bank and brokerage account statements held in his name and/or that of his immediate family members (the "May 12, 2010 Letter"). On May 18, 2010, Enforcement staff received an e-mail communication from DeWald indicating that he had received the May 12, 2010 Letter, was no longer employed in the securities industry and had no intention of providing the requested materials.

On May 19, 2010, Enforcement forwarded a second FINRA Rule 8210 request letter to DeWald at his last known address as listed on CRD by certified mail, return receipt requested, by first class mail and by electronic mail reiterating staff's request for production of the bank and brokerage account statements (the May 19, 2010 Letter"). On May 19, 2010, Enforcement staff received a second electronic communication from DeWald indicating that he would not comply with Enforcement's request. To date, the documents requested in the May 12, 2010 Letter and the May 19, 2010 Letter have not been provided to Enforcement.

Private Securities Transactions

NASD Rule 3040(b) requires associated persons to provide written notice to his/her member firm employer "prior to participating in any private securities transaction." The notice must describe "... in detail the proposed transaction and the person's proposed role therein ..." and state "... whether he has received or may receive selling compensation in connection with the transaction ..." In instances in which the associated person will or may receive compensation in connection with the private securities transaction, NASD Rule 3040(c) requires members to provide associated persons with written approval of the associated person's participation in the private securities transaction. The term "private securities transaction," defined in NASD Rule 3040(e)(1), means any security transaction outside the regular course or scope of an associated person's employment with a member.

DeWald was employed by Morgan Stanley during the period of the NFOA sales but failed to provide Morgan Stanley with written notice of his proposed participation in the sale of these securities as required by NASD Rule 3040.

DeWald violated NASD Rule 3040 and 2110 by participating in four private securities transactions without giving his member firm employer written notice of his intentions and receiving approval as required by NASD Rule 3040.

Unsuitable Recommendations to Customers

NASD Rule 2310 requires that a registered representative "have reasonable grounds for believing that the recommendation is suitable for [his] customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs." "Reasonable basis" suitability, requires a broker to "have an 'adequate and reasonable basis' for any recommendation that he makes." *F.J. Kaufman and Co.*, 50 SEC 164, 168 (1989); *see also Walter J. Becker*, Case No. 2005002509401, AWC (2008). The reasonable basis test "relates only to the particular recommendation, rather than to any particular customer." *Id.* at 168.

DeWald lacked a reasonable basis to recommend the purchase of NFOA installment plan contracts to his customers given his complete failure to perform a reasonable investigation concerning the NFOA product. While DeWald reviewed information on the NFOA website, he took their representations at face value and failed to independently verify those representations. Specifically, DeWald did not conduct additional internet research concerning NFOA, investigate whether NFOA was registered to do business in his home State or contact the IRS to confirm NFOA's tax exempt status or the availability of a tax deduction to investors.

DeWald lacked a reasonable basis for recommending the purchase of NFOA installment plan contracts to his customers. Accordingly, DeWald violated NASD Rules 2310 and 2110 by making unsuitable recommendations to his customers.

Misrepresentation of Material Fact

NASD Rule 2110 requires members, in the conduct of their business, to "observe high standards of commercial honor and just and equitable principles of trade."

DeWald took no action to confirm representations made on the NFOA website regarding the tax exempt status of NFOA and the tax deductibility of the NFOA investment.

In connection with his solicitation of Customers LFM and MM to purchase the NFOA installment plan contract, DeWald represented to each customer that they could claim a charitable tax deduction in connection with their investment. This representation was not true. Issues concerning the tax deductibility of the NFOA product are material, as the availability of a tax deduction was a key feature of the NFOA installment plan contract and, in each instance, a significant factor in each customer's decision to invest in it.

DeWald violated NASD Rule 2110 by making negligent misrepresentations of material fact in connection to his sale of NFOA installment plan contracts to two customers.

Misleading and Incomplete Sales Materials

Pursuant to NASD Rule 2210(d)(1)(A), all member communications with the public must be "based on principles of fair dealing and good faith, must be fair and balanced, and

must provide a sound basis for evaluating facts in regard to any particular security or type of security..." Rule 2210(d)(1)(B) states in pertinent part that, "no member may make any false, exaggerated, unwarranted or misleading statement or claim in any communication with the public." In addition, NASD Rule 2210(b)(1) requires each item of sales material to be approved by a registered principal prior to its use.

In connection with his sales of the NFOA installment plan contracts to customers LFM and MM, DeWald presented to each customer NFOA-prepared illustrations which included a cover page, a Flow Chart graphically depicting the terms of each proposed installment plan contract and a 1099 Statement detailing the amount of the scheduled payments and listing that portion of the annual payment which was to be "reported as tax free" and that portion which was to be reported as "ordinary income."

The Flow Chart(s) shown by DeWald to each customer failed to reflect that the total payout amount includes a return of principal and did not specify the rate of return. Such omissions provide an oversimplified and exaggerated presentation of investment returns. The descriptions concerning tax deductions and tax savings are oversimplified, incomplete, and misleading. In addition, the Flow Chart provides no explanation as to how the tax figures were derived. The 1099 Statement description heading for the principal column, entitled "Reported as Tax-Free", provides the false impression that this column represents tax-free income.

DeWald did not present the Flow Chart and 1099 Statement for review to a registered principal of Morgan Stanley prior to using them in connection with his sales of the NFOA installment plan contracts.

DeWald violated NASD Rules 2210(d)(1)(A), 2210(d)(1)(B), 2210(b)(1) and 2110 by providing customers with sales materials containing misleading and oversimplified descriptions of a securities product and by failing to obtain the approval of Morgan Stanley registered principal prior to its use.

Failure to Cooperate

FINRA Rule 8210 authorizes FINRA, in the course of its investigations, to require persons associated with a FINRA member to "provide information orally, in writing, or electronically . . . if requested, with respect to any matter involved in the investigation, complaint, examination or proceeding." To facilitate the regulator's ability to request information of its registered persons under Rule 8210, "[a] registered person has 'a continuing duty to notify the [NASD] . . . of his current address and to receive and read mail sent to him.'" *DBCC v. Gowadia*, 1997 NASD Discip. LEXIS 68, at *13 (Nov. 5, 1997) (quoting *John H. DeGolyer*, 46 S.E.C. 324, 1976 SEC LEXIS 1939, at *7 (Apr. 8, 1976)). Moreover, "[n]otice of a request for information under Rule 8210 is deemed received by the person to whom it is directed when it is sent to the last known residential address of the person as reflected in [CRD]." *Enforcement v. Carr*, 2005 NASD Discip. LEXIS 37, at *27 (OHO Sept. 7, 2005); see also *DeGolyer*, 1976 SEC LEXIS 7939, at

*7; *Enforcement v. Kapara*, 2005 NASD Discip. LEXIS 41, at *26 (NAC May 25, 2005). This "constructive notice" concept is codified in Section (d) of Rule 8210.

DeWald initially cooperated with Enforcement's investigation but failed to provide requested documents later in the investigation. Enforcement mailed FINRA Rule 8210 notices to DeWald's last known residential address as reflected in CRD by certified, first class mail and, in the second instance, electronic mail. In each instance, Enforcement staff received an e-mail from DeWald referencing his receipt of Enforcement's FINRA Rule 8210 request letters. These e-mails establish DeWald's receipt of Enforcement's requests.

DeWald violated FINRA Rules 8210 and 2010 by failing to provide the requested documents after receipt of Enforcement's requests.

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

- a. a bar from association with any FINRA member in any capacity; and
- b. restitution in the amount of \$124,516.03.

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 Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. 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).

An order to pay restitution to Customers LFM and MM (listed on Attachment A hereto) in the total amount of \$124,516.03, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from February 2007, until the date of payment. Restitution amounts ordered, pursuant to this disciplinary action, are due and payable immediately upon reassociation with a member firm following the 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. The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies. If for any reason Respondent cannot locate any customer (identified in Attachment A) after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property, or abandoned property fund for the state in which the customer is last known to have resided.

Pursuant to FINRA Rule 8313(e) a bar or expulsion shall become effective upon approval or acceptance of this AWC.

II.

WAIVER AND PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedures:

- 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 the AWC, or other consideration of this AWC, including acceptance or rejection of the AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of NASD 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 considerations of this AWC, including its acceptance and 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 action 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.

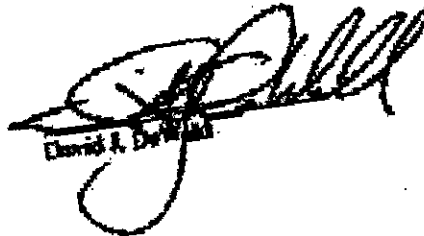
I certify that I have read, and understand all of the provisions of this AWC and have been

gives 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.

7/1/10
Date

Accepted by FINRA:

7/16/10
Date


David A. DeWalt

Signed on behalf of the
Director of OIAA, by delegated
Authority



Susan Light
Senior Vice President &
Chief Counsel
FINRA Department of Enforcement
14 Wall Street, 14th Floor
New York, NY 10005