

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2009020397101**

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

RE: Richard Manchester, Respondent
General Securities Representative
CRD No. 1388336

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Richard Manchester ("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

Respondent first became registered as an Investment Company Products/Variable Contracts Representative ("IR") through his association with a member firm in 1985. Subsequently, he was registered with other member firms where he was registered, at various points in time, as a General Securities Representative ("GSR"), a General Securities Principal ("GSP"), and a Municipal Securities Principal ("MP"). From July 2004 through December 2010, Respondent was associated with Girard Securities, Inc. (the "Firm") where he was registered as a GSR, a GSP, an MP and an IR.

Currently, Respondent is not associated with any member firm. However, pursuant to Article V, Section 4 of its By-Laws, FINRA retains jurisdiction over him until October 25, 2013. Respondent does not have any disciplinary history.

OVERVIEW

Respondent participated in several private placements during which time: (1) he caused his employing firm to violate SEC Rule 15c2-4 by failing to establish an escrow account for several contingency offerings; (2) broke escrow before the minimum contingency was met; and (3) engaged in unauthorized use of offering

proceeds by lending offering proceeds to other private placements. These acts constitute violations of Section 10(b) of Securities Exchange Act of 1934 and Rules 10b-5 and 10b-9 thereunder, NASD Conduct Rule 2110, and FINRA Rules 2020 and 2010.

FACTS AND VIOLATIVE CONDUCT

1. Transmission or Maintenance of Payments Received in Connection with Private Placements

Pacific Yogurt Partners LLC

Pacific Yogurt Partners, LLC ("Pacific Yogurt") was a limited liability corporation formed in 2007 to acquire franchise rights from Golden Spoon Frozen Yogurt and to own and/or operate thirty or more franchise store locations in the San Francisco Bay area. The Pacific Yogurt private placement offered Series B and Series C Units in a contingency offering. The Firm acted as the placement agent and the Managing Members of the LLC were Respondent and one other individual.

The Series B had a minimum sales contingency of \$1,000,000.00 and a maximum of \$2,000,000.00. The offering commenced on April 30, 2008 and was intended to continue until September 30, 2008. The offering period was extended and the minimum sales contingency was met on October 24, 2008.

The Series C had a minimum sales contingency of \$2,000,000.00 and a maximum of \$2,500,000.00. The offering commenced on June 8, 2009 and continued until December 15, 2009. The offering period was extended but the Series C did not meet the minimum sales contingency. Despite the fact that the private placement memorandum stated that the funds received from investors would be returned to them if the minimum sales contingency was not met, the funds were released to the issuer.

Pursuant to Exchange Act Rule 15c2-4, investor funds received before the satisfaction of the minimum sales contingencies were required to be, but were not, deposited into a bank escrow account or a trust account for both Series B and Series C offerings. Instead, the funds were deposited into a bank account in the name of Pacific Yogurt, the issuer. Respondent, acting for the Firm, established the Pacific Yogurt bank account and caused investor funds received by the Firm to be deposited into that account.

By failing to establish qualifying escrow or trust accounts for the Series B and C offerings and failing to cause investor funds received by the Firm to be deposited into such accounts, Respondent caused the Firm to violate Rule 15c2-4. Causing the Firm to violate Rule 15c2-4 was inconsistent with high standards of honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 for the period up to and including December 14, 2008, and FINRA Rule 2010 for

the period commencing on December 15, 2008, by Respondent. Respondent also deposited investor funds received in offerings subject to minimum sales contingencies into an account controlled by the issuer before the contingencies were met. He thus caused the funds to be released to the issuer before the issuer was entitled to receive them, which constituted a willful violation of Section 10(b) of Securities Exchange Act of 1934 and Rule 10b-9 thereunder, and a violation of NASD Conduct Rule 2110 for the period up to and including December 14, 2008, and FINRA Rule 2010 for the period commencing on December 15, 2008, by Respondent.

WaveWise, LLC

WaveWise, LLC ("WaveWise") was a limited liability company formed to acquire interest in IdeaEdge, Inc. (IdeaEdge), a Colorado corporation whose securities were publicly traded. The objective of the offering was to purchase up to 2,625,000 shares of IdeaEdge common stock, at \$0.80 per share, with accompanying warrants to purchase one share of common stock at \$1.00 per share for every four shares of common stock purchased at \$.80 per share. IdeaEdge changed its name to Social Wise, Inc. ("Social Wise"), which subsequently became Bill My Parents.

WaveWise offered membership interests in WaveWise LLC for the purpose of using the funds raised from the sale of its membership units to purchase IdeaEdge securities in a private placement with a minimum sales contingency of \$500,000.00 and a maximum of \$2,000,000.00. The offering commenced on December 3, 2008 and the minimum sales contingency was met on December 10, 2008. The Firm acted as the placement agent and the Managing Members of WaveWise were Respondent and another individual.

Pursuant to Exchange Act Rule 15c2-4, investor funds received before the satisfaction of the minimum sales contingency were required to be, but were not, deposited into a bank escrow account or a trust account. Instead, the funds were deposited into a bank account in the name of WaveWise, the issuer. Respondent, acting for the Firm, established the WaveWise bank account and caused the funds received by the Firm prior to the satisfaction of the contingency to be deposited into that account.

By failing to establish a qualifying escrow or trust account and failing to deposit investor funds into such an account, Respondent caused the Firm to violate Rule 15c2-4. Causing the Firm to violate Rule 15c2-4 was inconsistent with high standards of honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent. Respondent also deposited investor funds received in offerings subject to minimum sales contingencies into an account controlled by the issuer before the contingencies were met. He thus caused the funds to be released to the issuer before the issuer was entitled to

receive them, which constituted a willful violation of Section 10(b) of Securities Exchange Act of 1934 and Rule 10b-9 thereunder, NASD Conduct Rule 2110.

2. **Misrepresentations Regarding Use of Offering Proceeds**

Brenham Dome Lends \$85,000.00 to Pacific Yogurt

Brenham Dome General Partnership ("Brenham Dome") was an oil and gas partnership. Wave Energy Partners, LLC ("Wave Energy"), an entity controlled by Respondent, was the managing partner of Brenham Dome. Brenham Dome offered partnership interests in a private placement with a minimum sales contingency of \$500,000.00 and a maximum of \$1,500,000.00. The Firm was the placement agent for the offering, which commenced in January 2008.

From May 2010 through August 2010, Respondent caused Brenham Dome, a company engaged in oil and gas drilling, to lend a total of \$85,000.00 to Pacific Yogurt, whose business purpose was to acquire and/or operate frozen yogurt franchises.

On or about May 7, 2010, Brenham Dome loaned \$10,000.00 to Pacific Yogurt, and on or about May 20, 2010, Brenham Dome loaned \$50,000.00 to Pacific Yogurt.

On or about July 14, 2010, Respondent caused Pacific Yogurt to repay \$50,000.00, which left an unpaid balance of \$10,000.00.

On or about August 20, 2010, Brenham Dome loaned \$25,000.00 to Pacific Yogurt, leaving a remaining balance of \$35,000.00.

For the remaining balance of \$35,000.00, Pacific Yogurt executed two promissory notes, one for \$10,000.00 and another for \$25,000.00 for the benefit of Brenham Dome. The \$10,000.00 debt was evidenced by a promissory note dated May 20, 2010, payable by August 18, 2010, at an interest rate of 5%. The promissory note was executed by Respondent on behalf of Pacific Yogurt.

The \$25,000.00 debt was evidenced by a promissory note dated August 20, 2010, payable by September 19, 2010, at an interest rate of 5%. The promissory note was executed by Respondent on behalf of Pacific Yogurt.

Pacific Yogurt has not repaid the outstanding balances on the loans.

Brenham Dome Lends \$131,250.00 to Wave Energy

On or about December 31, 2009 and August 5, 2010, Respondent caused Brenham Dome to make two loans to Wave Energy totaling \$131,250.00. The first loan, in the amount of \$81,250.00, was evidenced by a promissory note,

payable on December 30, 2014 at an interest rate of 5%. The promissory note was executed by Respondent on behalf of Wave Energy.

The second loan, in the amount of \$50,000.00 from Brenham Dome to Wave Energy, was also evidenced by a promissory note, payable on August 5, 2015 at an interest rate of 5%. The promissory note was executed by Respondent on behalf of Wave Energy.

The offering materials provided in 2008 to Brenham Dome investors represented that the funds they invested in Brenham Dome would be used in the operation of its oil and gas business. The offering materials stated that the purpose of Brenham Dome would be to explore, produce, treat, transport and market either oil or gas, and to own oil and gas interest. The offering materials represented that the Managing General Partner was authorized to do all "acts customary or incident to pursuing each purpose." The offering materials did not provide or suggest that either invested funds or proceeds of operations could be used to make loans to entities in which the managing general partner had an interest. Further, Respondent did not obtain the investors' consents to deviate from the provisions of the offering materials and make the loans described above.

By using investor funds and/or proceeds of operations in a manner that was inconsistent with the representations in the offering memorandum as to the use of such funds, Respondent caused such representations to be false and misleading, in willful violation of Section 10(b) of Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and FINRA Rules 2020 and 2010.

B. Respondent also consents to the imposition of the following sanction:

- A bar from association with any FINRA member broker-dealer in all capacities.

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, he 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).

Respondent understands that this settlement includes a finding that he willfully violated Section 10(b) of the Securities Exchange Act of 1934, and Rules 10b-5 and 10b-9 thereunder, and that under Article III, Section 4 of FINRA's By-Laws, this makes Respondent subject to a statutory disqualification with respect to association with a member.

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.

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: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

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 Respondent 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 Respondent to submit it.

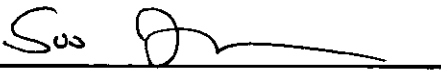
8/23/2013
Date (mm/dd/yyyy)


Richard Manchester, Respondent

Accepted by FINRA:

8/29/13
Date

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


Soo H. Im, Senior Regional Counsel
FINRA Department of Enforcement
300 South Grand Ave., Suite 1600
Los Angeles, CA 90071
Tel: (213) 229-2321; Fax: (213) 617-1570