

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20100216403-01**

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

RE: Rhonda Lee Breard, Respondent  
General Securities Representative  
CRD No. 1231763

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit 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**

Rhonda Lee Breard entered the securities industry as an associated person of a member of FINRA. She became registered as a General Securities Representative in January 1984, an Investment Company / Variable Contracts Representative in August 1993, and as a Corporate Securities Representative in July 1995. From February 2002 until February 2010, she was registered through ING Financial Partners, Inc. ("the Firm"), initially as an Investment Company / Variable Contracts Representative and Corporate Securities Representative and, beginning in March 2002, as a General Securities Representative.

Respondent Breard is not currently registered or associated with any member firm.

### **RELEVANT DISCIPLINARY HISTORY**

Respondent Breard has no disciplinary history within the last ten years. In May 1993 NASD accepted an Offer of Settlement in which Respondent Breard, without admitting or denying the allegations, consented to the entry of findings that she (1) had exercised discretion in the account of a customer without written authorization, in violation of Article III, Sections 1 and 15(b) of the NASD Rules of Fair Practice; and (2) had recommended a total of approximately 139 purchase and sale transactions in the accounts of three customers without having reasonable grounds for believing that such recommendations were suitable, in violation of Article III, Sections 1 and 2 of the Rules of Fair Practice. Respondent Breard was suspended in all capacities for ten business days, was required to requalify in any registered capacity, was censured and was fined \$15,000.

### **OVERVIEW**

Rhonda Lee Breard converted funds of customers of her employer firm and other investors, misrepresented that securities would be purchased with the proceeds of recommended securities sales, and provided clients with false account statements.

### **FACTS AND VIOLATIVE CONDUCT**

Rhonda Lee Breard, while registered with the Firm, acted as an investment adviser and financial planner for numerous individual clients, doing business through Breard & Associates, LLC. Some, but not all, of her clients were customers of the Firm. As an investment adviser, Respondent Breard managed client accounts held at another member firm.

During a period beginning no later than 2006 and continuing until February 2010, Respondent Breard devised and carried out a scheme to defraud her clients and convert their funds to her own use and benefit.

As part of that scheme, Respondent Breard persuaded her clients to liquidate their existing investments, including accounts at the Firm, for the purpose of purchasing other investments, including mutual funds and annuities. At her request, the clients made checks payable to Breard & Associates, which Respondent Breard deposited in a bank account that she controlled. Rather than use the funds to purchase other investments, as she told the clients she would do, Respondent Breard diverted their funds to her own personal use.

In order to conceal her conversion of the clients' funds, Respondent Breard prepared and sent to the clients false account statements from the Firm, from

another member firm, and from an insurance company. Those statements purported to show that the clients owned securities and other investments, which Respondent Breard knew they did not actually own.

Respondent Breard thereby converted to her own use and benefit at least \$8 million from at least 38 clients, including customers of the Firm.

#### 1. Conversion of Customer Funds

Respondent Breard converted funds of the Firm's customers to her own use and benefit. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2330(a). During the period from 2006 until December 15, 2008, such conduct was inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110. During the period from December 15, 2008, until February 2010, such conduct was inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of FINRA Rule 2010.

#### 2. Conversion of Non-Customer Funds

Respondent Breard converted the funds of clients who were not customers of the Firm to her own use and benefit. During the period from 2006 until December 15, 2008, such acts, practices and conduct constituted separate and distinct violations of NASD Conduct Rule 2110. During the period from December 15, 2008, until February 2010, such acts, practices and conduct constituted separate and distinct violations of FINRA Rule 2010.

#### 3. Misrepresentations

Respondent Breard induced her clients to sell securities by misrepresenting to them that the proceeds of sale would be used to purchase other securities. By sending them false account statements, she further misrepresented to the clients that she had purchased securities for them. Respondent Breard thereby made untrue statements of material facts in connection with the offer and sale of securities and omitted to state material facts necessary in order to make the statements she made, in light of the circumstances in which they were made, not misleading. As a result of the foregoing conduct, Respondent Breard willfully violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Such acts, practices and conduct also constitute separate and distinct violations of NASD Conduct Rule 2120. During the period from 2006 until December 15, 2008, such conduct was inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of

NASD Conduct Rule 2110. During the period from December 15, 2008, until February 2010, such conduct was inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of FINRA Rule 2010.

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

Rhonda Lee Breard shall be barred from associating with any member of FINRA 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).

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

## 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:

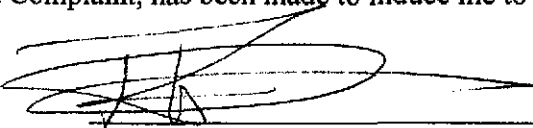
- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will 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.

Date

3/24/10

  
Rhonda Lee Breard  
Respondent

Reviewed by:

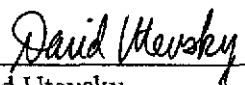
  
Ronald J. Friedman  
Counsel for Respondent  
Lane Powell PC  
1420 Fifth Avenue, Suite 4100  
Seattle, WA 98101  
(206) 223-7000

Accepted by FINRA:

March 25, 2010

Date

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

  
David Utevsky  
Senior Regional Counsel  
FINRA Department of Enforcement  
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