

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011029206501**

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

RE: Carlo Wayne Corzine, Respondent
CRD No. 1928723

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 violation 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

Carlo Wayne Corzine ("Corzine") first became registered with FINRA in 1989 as a general securities representative with Shearson Lehman Hutton, Inc. Since Shearson Lehman Hutton, Corzine was registered with eight other broker-dealers before he became registered with Buckman, Buckman & Reid, Inc. (CRD No. 23407) ("BBR" or the "Firm"), in April 2009. Corzine remained registered with BBR until his resignation on August 31, 2012.

Corzine has been registered with Dawson James Securities, Inc. (CRD No. 130645) since November 2012. Corzine has the Series 3, 7, 24 and 63 licenses.

OVERVIEW

Between May 2010 and October 2011, Corzine, while registered with BBR, participated in the sale into the public markets of more than 152 million unregistered shares of Tactical Air Defense Services, Inc. ("TADF") stock, a thinly-traded over-the-counter security, on behalf of his customers, including the president and CEO of the issuer and other accounts he controlled. Corzine's

customers opened accounts at BBR through which they deposited and sold large amounts of TADF stock, then immediately wired the sale proceeds out of the accounts. These sales resulted in proceeds of approximately \$570,000 to the customers. Corzine failed to perform adequate due diligence prior to the execution of these sales, notwithstanding his duty to do so and the red flags indicating potential violations of the registration requirements of the Securities Act of 1933. By participating in the sale of unregistered securities in transactions that were neither registered with the U.S. Securities and Exchange Commission nor exempt from the registration requirements, Corzine violated Section 5 of the Securities Act, thereby violating FINRA Rule 2010.

FACTS AND VIOLATIVE CONDUCT

A. Tactical Air Defense Services, Inc.

TADF is a Nevada corporation and an OTC Link quoted issuer. TADF purportedly offers aerospace and defense services to the United States and foreign militaries. TADF was formed on July 9, 1998, in the State of Nevada under the name Natalma Industries, Inc., and its securities were first permitted to quote on the OTC Bulletin Board on August 26, 2002, under the ticker symbol "NTAL." In September 2005, the company filed an amendment with the State of Nevada to change its name to Tactical Air Defense Services, Inc., and its securities later began quoting under the ticker symbol "TADF."

According to TADF's audited financial statements set forth in its Form 10-K for the fiscal year ended December 31, 2009:

- TADF had \$0 cash (total current assets) and \$88,000 of property and equipment, resulting in net total assets of \$88,000, for the period ending December 31, 2009;
- TADF had \$0 in revenues for the years ending December 31, 2008 and December 31, 2009; and
- TADF had operating and liquidity concerns and incurred an accumulated deficit of \$38,524,104 through the period ending December 31, 2009, raising substantial doubt about TADF's ability to continue as a going concern.

B. Deposits and Sales of TADF Stock.

Beginning in April 2010, at least 22 customer accounts at BBR deposited large blocks of shares of TADF (collectively, the "TADF customers"). Corzine was the registered representative of record on the accounts of the TADF customers. Between April 2010 and May 2011, the TADF customers deposited – via physical certificate, DRS (Direct Registration System), or DWAC (deposit/withdrawal at custodian) – more than 334 million shares of TADF into their accounts.

The transactions in the following customer accounts were indicative of suspicious activities that should have caused Corzine to conduct additional due diligence before proceeding with sales transactions for customers who were either related to or had close personal relationships with AK, a control person of the issuer who exerted control over their accounts:

- Between May 2010 and December 2010, AK, the president and chief executive officer of TADF, received 93,754,123 shares of TADF stock in his individual account at BBR. Beginning in August 2010 through July 2011, Corzine sold 75,678,307 of the deposited shares and wired out approximately \$215,000 of net sale proceeds. AK also journaled 36,075,816 shares of TADF stock from his account to other third-party accounts held at BBR, all of which also sold most, if not all, of the TADF stock into the market.
- Between May 2010 and July 2011, EK, AK's daughter, received 43,646,126 shares of TADF stock in her trust account at BBR. Of the total TADF shares received, 31,570,310 of the shares were deposited via one DWAC. Beginning in November 2010 through July 2011, Corzine sold 32,309,810 of the deposited shares and wired out approximately \$100,000 of net sale proceeds.
- Between May 2010 and February 2011, JRB, AK's girlfriend, received 8,324,356 shares of TADF stock in her individual account at BBR. Six million of the 8,324,356 shares of TADF stock were journaled from AK's account and the balance was deposited via one DWAC into her account. In November 2010, Corzine sold 310,000 of the deposited shares and wired out the net sale proceeds two weeks later. In September 2011, Corzine sold 2 million of the deposited shares and wired out the net sale proceeds approximately one week later. Approximately \$2,400 in net sale proceeds was wired out of the account.
- In November 2010, JHC, AK's housekeeper, received 12 million shares of TADF stock in her individual account at BBR. Six million of the 12 million shares were journaled from AK's account and the other 6 million shares were journaled from EK's trust account at BBR. Beginning in July 2011 through October 2011, Corzine sold 10,018,949 of the journaled shares and wired out approximately \$22,000 of net sale proceeds.

C. Corzine's Failure to Fulfill His Obligations Under the Securities Laws.

Section 5 of the Securities Act of 1933 prohibits the offer or sale of any security unless there is a registration statement in effect as to that security or there is an exemption available for the securities transaction. Because the TADF stock was unregistered, it could not be sold absent an applicable exemption from registration. No exemption from registration was available under the circumstances here.

Moreover, the facts and circumstances surrounding the deposits and liquidations of the TADF shares were such that Corzine was required to conduct an independent inquiry to determine whether the shares deposited with BBR were freely tradable. Despite the presence of red flags indicative of sales of unregistered securities by the president and CEO of the issuer and accounts he controlled, Corzine did not adequately investigate whether the stock could be sold without registration. For instance, he did not adequately investigate the veracity of certain representations contained in a letter from TADF's president and CEO pertaining to TADF stock that accompanied many of the TADF deposits, nor did Corzine, in some instances, independently verify certain relevant and material information pertaining to TADF stock provided by the customer.

By virtue of the foregoing, Corzine sold securities in violation of Section 5 of the Securities Act. By violating the Securities Act, he failed to observe high standards of commercial honor and just and equitable principles of trade. Accordingly, Corzine also violated FINRA Rule 2010.

- B. I also consent to the imposition of the sanction of a thirty (30) business day suspension from association in any capacity with any FINRA member.

Corzine has submitted a sworn financial statement and demonstrated an inability to pay a monetary fine. In light of Corzine's financial status, no monetary sanction has 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 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).

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 prejudice 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: (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.

D. I may attach a Corrective Action Statement ("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 the Statement. The 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.

Date

11/12/13

Carlo Wayne Corzine



Reviewed by:



Gregg Breitbart
Kaufman Dolowich Voluck
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Accepted by FINRA:

12/9/13
Date

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



Perry Hubbard
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