

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012030722201**

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

**RE: CND Financial, Ltd.
CRD No. 132864**

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, CND Financial, Ltd. ("CND Financial" 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 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

CND Financial is currently, and was during all times relevant hereto, a member of FINRA and registered as a broker/dealer with the U.S. Securities and Exchange Commission ("SEC"). The firm, which registered with FINRA in February 2005 and is headquartered in Bulverde, Texas, currently employs four registered personnel and operates one branch office. CND Financial's primary business activity is the offer and sale of church bonds through contingent securities offerings. During the relevant time period, proceeds from the firm's church bond business accounted for 99% of CND Financial's revenues.

CND Financial has no prior disciplinary history.

OVERVIEW

During the period from November 2011 to March 2012, CND Financial violated SEC Rule 15c2-4 by failing to ensure that the bank which had received investor funds from three contingent securities offerings had agreed in writing to hold all such funds in escrow for the investors in the offerings. In addition, CND

Financial also had inadequate supervisory systems and written supervisory procedures to ensure that escrowed customer funds received in connection with contingent securities offerings were being handled in accordance with the requirement of SEC Rule 15c2-4. Lastly, CND Financial's supervisory systems and written supervisory procedures were also deficient in that they did not have provisions for documenting due diligence conducted by the firm on third-party private placement offerings.

FACTS AND VIOLATIVE CONDUCT

A. Offering Violations

During the period from November 2011 to March 2012, CND Financial acted as placement agent for three contingent securities offerings. In connection with each of the offerings, Caldwell failed to ensure that the bank which had received investor funds during the contingency period of the offerings had agreed in writing to hold all such funds in escrow for benefit of the investors in the offerings.

SEC Rule 15c2-4 provides that a broker or dealer who participates in a contingency offering on a best-efforts basis and accepts the sale price of a security before all of the represented contingencies are met must either deposit the investors' funds into a "separate bank account, as agent or trustee for the persons who have the beneficial interests therein" or transmit the investors' funds "to a bank which has agreed in writing to hold all such funds in escrow for the persons who have the beneficial interests therein and to transmit or return such funds directly to the persons entitled thereto when the appropriate event or contingency has occurred."

In connection with each offering, CND Financial and the issuer entered into an escrow agreement with a bank that was designated to be the escrow agent for each offering. The prospectus for each offering states, "Escrow Agent shall deposit all proceeds from the sale of the Bonds into an escrow account to be held by the Escrow Agent...."

Contrary to the terms of the prospectuses and the requirements of SEC Rule 15c2-4, the designated escrow agent did not deposit investor funds into accounts that it held. Instead, after receiving investment funds from each offering, the escrow agent transmitted those funds to an unaffiliated third-party bank that was not a party to the escrow agreement. The third-party bank deposited the investment funds from at least two of the offerings into a commingled bank account held in the name of the escrow agent, as opposed to the investors who had the beneficial interest in the funds.

As a result of the foregoing conduct, CND Financial violated Section 15(c) of the Securities Exchange Act of 1934 and Rule 15c2-4 thereunder, and FINRA Rule 2010.

B. Supervisory Violations

During the period from November 2011 to March 2012, CND Financial had inadequate supervisory systems and written supervisory procedures to supervise its contingent securities offering business. Specifically, the firm's systems and procedures had no provisions to ensure that escrowed customer funds received in connection with contingent securities offerings were being handled in accordance with the terms of offering prospectuses and the requirements of SEC Rule 15c2-4. CND Financial's supervisory systems and written supervisory procedures were also inadequate because they lacked provisions regarding the firm's due diligence requirements for private placement offerings underwritten by third-party broker-dealers.

As a result of the foregoing conduct, CND Financial violated NASD Conduct Rule 3010 and FINRA Rule 2010.

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

A censure and a \$15,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment forms showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

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 it;
- 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 it; 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 it;
 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.

- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it 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.

The undersigned, on behalf of CND Financial, Ltd., certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that CND Financial, Ltd. 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 CND Financial, Ltd. to submit it.

CND Financial, Ltd.

Nov. 4 2013
Date

By: Milton C. Collier
Name: Milton C. Collier
Title: President

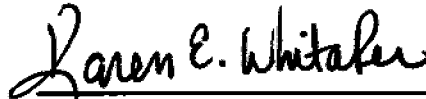
Reviewed by:

Counsel for Respondent

Accepted by FINRA:

11-13-2013
Date

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



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