

NASD OFFICE OF HEARING OFFICERS

Department of Enforcement, Complainant, v. JAN LYNN BRUEGGEMANN CRD No. 2714692 Respondent.	Disciplinary Proceeding No. C02050053 Hearing Officer - Andrew Perkins ORDER ACCEPTING OFFER OF SETTLEMENT Date: August 23, 2005
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INTRODUCTION

Disciplinary Proceeding No. C02050053 was filed on June 24, 2005, by the Department of Enforcement of NASD ("Complainant"). Respondent Jan Lynn Brueggemann ("Respondent") submitted an Offer of Settlement ("Offer") to Complainant on August 19, 2005. Pursuant to Code of Procedure Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of

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Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

From on or about February 24, 1998 through April 6, 2005, Respondent was associated with Royal Alliance Associates, Inc. ("RAA" or "firm"), variously as an Investment Company Products/Variable Contracts Representative and General Securities Representative.

Respondent is currently not associated with an NASD member and has not been the subject of any prior disciplinary action by NASD, other self-regulatory organizations the Securities and Exchange Commission, or any state regulator.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

On or about July 1, 2003, Respondent participated in a private securities transaction without providing prior written notification to, and receiving prior written approval from RAA, the NASD member with which he was associated. Specifically, Respondent sold public customer E.G. an investment contract issued by Universal Luxury Coach (ULC) and provided E.G. with certain investor documentation regarding this investment.

ULC was marketed as a time-share program involving the rental of expensive motor homes. ULC offered investors the opportunity to use (through a leasehold plan similar to a time-share) "luxury motor coaches" for a flexible period of time. For every \$50 invested, an investor received one plan point. The number of plan points each investor had determined the length of time the investor might use a given motor coach. Investors were also offered the ability to earn monthly income of 10% by assigning their plan points to the Affinity Rental Program (ARP), a division of ULC. Among other things, the ARP allowed investors to rent out their time-shares to other individuals in exchange for a stream of income.

Respondent sold E.G. a \$20,000 investment in ULC and received compensation in the amount of at least \$2,000 for this sale. Respondent presented the ULC investment to E.G. and transmitted all of the investor documentation to ULC on behalf of E.G. The investor documentation included the ULC "Lease" between ULC, as the "Lessor," and E.G. as "Lessee" (hereinafter, "investment contract"). The investment contract provided that E.G. would receive 400 plan points (\$20,000 divided by 50) and that total points of 57,350 equated to one specific motor coach. The "lease term" was three years. E.G. also signed an ARP agreement allowing his time-share interest to be rented out to others in exchange for an income stream. This income stream constituted the profits E.G. was supposed to receive for his \$20,000 investment and such profits were to be derived solely from the efforts of others (i.e., ULC and its division, ARP). E.G., who was 81 years old during the relevant period, lost his entire \$20,000 investment when ULC collapsed.

Pursuant to NASD Conduct Rule 3040, Respondent was prohibited from participating in the above-described ULC investment contract transaction unless he provided prior written notice to RAA of his intention to participate in such transaction, containing the information specified in Rule 3040, and obtained prior written permission to participate from RAA. Respondent neither provided written notice to, nor obtained written permission from, RAA.

Based on the foregoing, Respondent violated NASD Conduct Rules 3040 and 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that the following sanctions be imposed:

1. A fine in the amount of \$7,400.¹
2. A suspension from associating with any NASD member firm, in any and all capacities, for a period of thirty (30) business days.

The sanctions imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this Order by the NAC.

SO ORDERED.

NASD

By: 

 Lani M. Sen Woltmann, Director
on behalf of the Director of ODA, pursuant to
delegated authority

¹ The fine amount is derived by adding \$5,000 to the amount of compensation Respondent received in connection with the private securities transaction in question (\$2,400).