

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C040500_16

**To: Department of Enforcement
NASD**

**Re: Chris J. Brainard
General Securities Representative
(CRD No. 2687215)**

Pursuant to Rule 9216 of the NASD Code of Procedure, I, Chris J. Brainard, submit this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against me alleging violations based on the same factual findings.

I understand that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and the National Adjudicatory Council (NAC) Review Subcommittee or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about my disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and
 - d. 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Sent By: NASD;

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Page 3

Letter of Acceptance, Waiver and Consent No. C040500_16
Department of Enforcement v. Chris J. Brinard
Page 2

I also understand that my experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

I entered the securities industry in June 1996 when I associated with a member firm of NASD. From February 4, 1998 through August 27, 2001, I was associated with NASD member firm Prime Charter Ltd. (Prime Charter) as a sales representative and registered with NASD as a general securities representative, which registration remains in full force and effect although I am currently associated with another NASD member firm.

I was the subject of one prior formal disciplinary action by NASD unrelated to the instant matter. See AWC No. C10990224.

I. WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against me;
- B. To be notified of the Formal 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Furthermore, 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.

In addition, I specifically and voluntarily waive any right to claim that a person violated the *ex parte* prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural 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.

Letter of Acceptance, Waiver and Consent No. C04050016
Department of Enforcement v. Chris J. Brainard
Page 3

II. ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the allegations or findings, 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, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NASD:

Suitability And Violation Of Just And Equitable Principles Of Trade NASD Conduct Rules 2110 and 2310

1. From on or about November 2000 to on or about February 2001, while associated with Prime Charter, I, along with registered representative M.V., caused to be executed approximately 228 securities transactions in the account of customer P.D. These transactions were unsuitable based on customer P.D.'s financial situation, investment objectives and needs.
2. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2310 on my part.

- B. I also consent to the imposition, at a maximum, of the following sanctions:

1. a two-month suspension from association with any member of NASD in any capacity;
2. I have asserted an inability to pay and have submitted a sworn financial statement. In light of my financial status, no monetary sanction has been imposed.¹

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

III. OTHER MATTERS

- A. I understand that I may attach a Corrective Action 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 this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.
- B. I have raised the issue of my inability to pay and understand that my assertion of inability to pay has been considered in connection with the monetary sanctions imposed in this matter and I specifically and voluntarily waive any right to claim that I am unable to pay at any time hereafter, any monetary sanction imposed in this matter.

¹Although no monetary sanctions have been imposed in this disciplinary action, this does not preclude the customer from pursuing his own action to effect such remedies.

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Page 5/6

Letter of Acceptance, Waiver and Consent No. CD4050016
Department of Enforcement v. Chris J. Brainard
Page 4

- C. I understand that if I am barred or suspended from association with any NASD 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 NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Procedural Rule 8310 and IM-8310-1.)

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, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce me to submit it.

3/10/05
Date

Chris J. Brainard
CHRIS J. BRAINARD

Reviewed by:

Stuart A. Jackson, Esq.
Counsel for Respondent

Accepted by NASD:

May 10, 2005
Date

Thomas D. Clough
Thomas D. Clough, District Director
Signed on behalf of the Director of ODA, by
delegated authority

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Sent By: NASD;

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PAGE 06/06
Page 6/6

INDEX OF INITIALS

P.D.
M.V.

