

NASD OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

KEVIN L. TEASLEY
(CRD No. 2670648)



Respondent.

Disciplinary Proceeding
No. C3B040031

DEFAULT DECISION

Hearing Officer

April 18, 2005

Respondent is barred from associating with any member firm in any capacity for: (i) violating NASD Conduct Rules 2110 and 2330(a) by misusing the funds of customer SG; and (ii) violating NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by failing to respond to requests for information issued by the NASD staff. In addition, Respondent is directed to pay restitution of \$150,000 plus interest to customer SG.

Appearances

David Utevsky, Regional Counsel, Seattle, Washington, and Rory C. Flynn, Of Counsel, Washington, DC, for the Department of Enforcement.

No appearance for Kevin Levant Teasley.

DECISION

I. Procedural Background

On December 22, 2004, the NASD Department of Enforcement ("Enforcement") filed a two-count Complaint against Respondent Kevin L. Teasley ("Respondent"). The first cause of the Complaint alleges that Respondent, while associated with NASD member firm World Group Securities, Inc. ("World Group"), misused customer SG's funds by not using the funds to make investments on SG's behalf, in violation of NASD Conduct Rules 2110 and 2330(a). The second

cause of the Complaint alleges that Respondent failed to respond to four requests for information issued by the NASD staff, in violation of NASD Conduct Rule 2110 and NASD Procedural Rule 8210.

On March 17, 2005, Enforcement filed a Motion for Entry of Default Decision ("Motion"), supported by the Declaration of David Utevsky, Esq., Regional Counsel in NASD's Seattle, Washington office, and seven exhibits.¹ Enforcement filed a supplement to the Motion on March 28, 2005, which included an additional exhibit. For the reasons set forth below, the Hearing Officer grants Enforcement's Motion, as supplemented.

II. Respondent's Default

On December 21, 2004, Enforcement served the Complaint and Notice of Complaint on Respondent, via first class and certified mail, at his CRD address and three additional alternative addresses that the NASD staff had obtained for Respondent.² (CX-4; CX-5; DECL at ¶10). On January 24, 2005, Enforcement served a Second Notice of Complaint, along with a copy of the Complaint, on Respondent, via first class and certified mail, at Respondent's CRD address and the three alternative addresses. (CX-6; CX-7; DECL at ¶12). Respondent did not file a response to the Complaint or the Second Notice of Complaint. (DECL at ¶¶12, 14).

The Hearing Officer finds that Enforcement complied with NASD Procedural Rule 9134(b)(1) by sending the mailings to Respondent's CRD address and the three alternative

¹ Hereinafter, the statements in the Motion will be designated as "Motion, p."; statements in the Utevsky Declaration will be designated as "DECL at ¶"; and Enforcement's exhibits will be designated as "CX."

² Respondent's CRD address is [REDACTED] (CX-1, p. 1; DECL at ¶10). Respondent's three alternative addresses are: (i) [REDACTED] (the "Riverdale address"); (ii) [REDACTED] (the "22nd Street address"); and (iii) [REDACTED] (the "P.O. Box address"). (DECL at ¶10).

addresses. Accordingly, the Hearing Officer finds that Respondent received effective constructive notice of this proceeding and defaulted by failing to answer the Complaint.

III. Findings of Fact and Conclusions of Law

A. Jurisdiction

Respondent was employed as an investment company and variable contracts products representative and principal with NASD member firm World Group from April 12, 2002 to December 31, 2003.³ (CX-1, p. 4; DECL at ¶3). On April 2, 2004, World Group filed an amended Form U-5, which disclosed a customer complaint against Respondent. (CX-3). Respondent currently is not employed in the securities industry. (CX-1, p. 4).

Article V, Section 4 of NASD's By-Laws creates a two year period of retained jurisdiction over formerly registered persons, covering (i) violations that occurred during the period of registration and (ii) failures to provide information requested during the period of retained jurisdiction. The two-year period begins anew when an amendment to a Form U-5 is filed during the original two-year period and the amendment discloses that such person may have engaged in conduct actionable under any applicable statute, rule, or regulation.

The Hearing Officer finds that the two-year period of retained jurisdiction recommenced on April 2, 2004 because (i) the April 2, 2004 amended Form U-5 was filed within two years of the original December 2003 Form U-5 filing, and (ii) the amended Form U-5 disclosed that Respondent may have engaged in conduct actionable under the NASD Rules.

Enforcement filed the Complaint in this proceeding on December 22, 2004, within two years of the April 2, 2004 amended Form U-5 filing, and the Complaint alleges (i) violative

³ On December 17, 2003, World Group filed a Form U-5 termination notice for Respondent disclosing that Respondent's registration was terminated, effective December 31, 2003, for "failure to pay renewals [for] 2004." (CX-2; DECL at ¶4).

conduct by Respondent while he was associated with a member firm, and (ii) failure to provide information requested when Respondent was subject to NASD's retained jurisdiction.

Accordingly, the Hearing Officer finds that NASD has jurisdiction over Respondent.

B. Respondent Misused Customer SG's Funds in Violation of NASD Conduct Rules 2110 and 2330(a)

The Complaint, attached to this Default Decision as Exhibit A, alleges that Respondent, while associated with World Group, misused customer SG's funds by not investing the funds as she intended. (Complaint at ¶¶6-7). Specifically, during the period from November 6, 2003 to December 5, 2003, Respondent solicited and accepted two payments totaling \$250,000 from customer SG to make investments on her behalf. (Id.). Respondent failed to invest the funds on SG's behalf. (Id.).

Enforcement provided the additional information that in November 2003, SG, a 42-year old widow, received \$250,000 in insurance proceeds. (DECL at ¶17). On November 6, 2003, SG, at Respondent's request, wrote a \$150,000 check payable to OTLC, a company that Respondent described as a "great company" and a good place to invest. (Id.). SG understood from Respondent that OTLC was related to another business called American Wireless Fidelity ("American Wireless").⁴ (Id.). The cancelled check showed that the payee line on the \$150,000 check had been altered to make it payable to OTLC and "Cathy Teasley," Respondent's wife. (Id.). The \$150,000 check was negotiated by Cathy Teasley. (Id.).

In December 2003, Respondent told SG that OTLC was a "no go" and she should invest directly in American Wireless. (DECL at ¶17). In response to SG's question regarding the original \$150,000 investment, Respondent stated that he had held on to the funds. (Id.).

⁴ SG wrote "WyFi America" on the memo line of the \$100,000 OTLC check. (DECL at ¶17).

Respondent suggested that SG invest an additional \$100,000 in American Wireless, stating that for a two-year investment she would receive 14% interest per year on her total \$250,000 investment. (Id.). On December 5, 2003, at Respondent's request, SG wrote a \$100,000 check payable to American Wireless and sent it to Respondent via Federal Express.⁵ (Id.). During the investigation, Scott Boerstra, the president of American Wireless, told the NASD staff that he had agreed with Respondent to be president of American Wireless, but that he did not believe that a company actually had been formed or that the company had a bank account. (DECL at ¶¶20-22). Mr. Boerstra also stated that Respondent owned both OTLC and American Wireless, and that he was not aware that anyone, other than Respondent, had invested any money in American Wireless.⁶ (Id.).

By January 2004, SG had received no documentation of her December 2003 investments. (DECL at ¶17). After repeatedly seeking confirmation of her investments, SG learned that World Group had not approved either American Wireless or OTLC as firm investments. (Id.). In response to SG's inquiry about American Wireless and OTLC, World Group commenced an investigation. (Id.). Shortly thereafter, Respondent called SG and stated that he would sell some of her investments and return \$100,000 to her. (Id.). SG received a cashier's check for \$100,000 from American Wireless dated March 31, 2004. (Id.). Respondent told SG that she would receive the balance of her money in May and June 2004. (Id.). However, SG has not received any additional repayments. (Id.).

⁵ Respondent told SG to send the \$100,000 check to his "new office" at the Riverdale address. (DECL at ¶17, at fn 2). However, the Riverdale address was a UPS store that rented mailboxes to customers. (Id.).

⁶ The NASD staff learned that American Wireless was incorporated in Nevada in December 2003. (DECL at ¶23).

Under Rule 9215(f) and NASD Notice to Members 99-77, the allegations of the first cause of the Complaint are deemed admitted, and they are hereby incorporated into this Default Decision as findings of fact.

NASD Conduct Rule 2330(a) provides that "[n]o member or person associated with a member shall make improper use of a customer's securities or funds." An associated person "improperly uses" customer funds, in violation of NASD Conduct Rule 2330(a), when the associated person fails to apply the customer's funds as the customer directed.⁷ Improper use of a customer's funds is also violative of Conduct Rule 2110's requirement of "high standards of commercial honor and just and equitable principles of trade."⁸

Based on the allegations deemed admitted, the Hearing Officer finds that Respondent violated NASD Conduct Rules 2330(a) and 2110, as alleged in the first cause of the Complaint, by improperly using SG's funds.

C. Respondent Failed to Respond to NASD Requests for Information

The second cause of the Complaint alleges that Respondent failed to respond to four requests for information sent by the NASD staff. (Complaint at ¶¶14-34). Each request was made pursuant to NASD Procedural Rule 8210. (Id.).

After receiving a copy of the amended Form U-5 that disclosed SG's customer complaint, the NASD staff began an investigation. (DECL at ¶8). On April 21, 2004, the NASD staff sent

⁷ See Dist. Bus. Conduct Comm. v. Westberry, No. C07940021, 1995 NASD Discip. LEXIS 225 (NBCC Aug. 11, 1995) (noting that "brokers who are entrusted with the safekeeping of customer funds must take extra care to ensure that those funds are used only as authorized by the customer and only in the customer's best interest"); see Bernard D. Gornjak, Exchange Act Release No. 35,996, 1995 SEC LEXIS 1820 (July 20, 1995) (finding respondent violated NASD Conduct Rule 2110 when he accepted customer funds and failed to make timely investments with the funds as instructed by the customer and failed to promptly return the funds to the customer).

⁸ See Dist. Bus. Conduct Comm. v. Jones, No. C02970023, 1998 NASD Discip. LEXIS 60, at *8 (finding simultaneous violations of Rules 2110 and 2330(a) for improper use of customer funds).

Respondent a written request for information, via first class and certified mail, at Respondent's CRD address and at an alternative address, the Riverdale address,⁹ which address Respondent had provided to SG in December 2003. (Complaint at ¶14). On May 11, 2004, the NASD staff sent a second request for information to the CRD address and the Riverdale address.¹⁰ (Complaint at ¶18).

Subsequently, the NASD staff learned of two additional alternative addresses for Respondent, the 22nd Street address and the P.O. Box address. (Complaint at ¶22). On May 19, 2004, the NASD staff sent a third request for information, via first class and certified mail, to Respondent at the CRD address, the Riverdale address, the 22nd Street address, and the P.O. Box address. (Complaint at ¶23).

On June 3, 2004, the NASD staff sent Respondent a final fourth request for information, via first class and certified mail, at his CRD address and three alternative addresses. (Complaint at ¶29). Respondent failed to provide any information in response to the four requests issued by the NASD staff. (Complaint at ¶¶17, 21, 28, 34).

Under Rule 9215(f) and NASD Notice to Members 99-77, the allegations of the second cause of the Complaint are deemed admitted, and they are hereby incorporated into this Default Decision as findings of fact.

Under NASD Procedural Rule 8210, NASD may require any person subject to its jurisdiction to provide information regarding any matter under investigation. The obligation to respond is unqualified. Because NASD lacks subpoena power, Rule 8210 is the means by which

⁹ The NASD staff received a receipt for the Riverdale certified mailing, bearing the signature of Wayne McAdams, identified as "agent." (Complaint at ¶16).

¹⁰ Again, a certified receipt for the Riverdale mailing bearing the signature of Wayne McAdams, identified as "agent," was received. (Complaint at ¶20).

NASD carries out its regulatory functions. It is a "key element in the NASD's efforts to police its members."¹¹ Failure to comply with Rule 8210 requests for information is a serious violation because it subverts NASD's ability to perform its regulatory responsibilities.¹² A violation of Rule 8210 is also a violation of NASD Conduct Rule 2110.¹³

Pursuant to Rule 8210(d), Respondent is deemed to have received the requests for information sent to his CRD address and the alternative addresses. Accordingly, based on the allegations deemed admitted, the Hearing Officer finds that Respondent received notice of the requests for information, and he violated NASD Conduct Rule 2110 and NASD Procedural Rule 8210 by failing to respond to those requests.

IV. Sanctions

A. Respondent Misused Customer SG's Funds

The NASD Sanction Guidelines for misuse of funds recommends a fine of \$2,500 to \$50,000 and a bar unless mitigation exists, such as a misunderstanding of the customer's intended use of the funds.¹⁴ The Sanction Guidelines further state that "Adjudicators generally should not impose a fine if an individual is barred."¹⁵ In the absence of any mitigating factors Enforcement recommended that Respondent be barred for misusing \$250,000 of SG's funds and

¹¹ See, e.g., Richard J. Rouse, Exchange Act Release No. 32,685, 1993 SEC LEXIS 1831, at *7 (1993); Joseph G. Chiulli, Exchange Act Release No. 42,359, 2000 SEC LEXIS 112, at *16 (Jan. 28, 2000) (noting that Rule 8210 provides a means for NASD to conduct its investigations effectively, and emphasizing that NASD members and associated persons must fully cooperate with requests for information).

¹² Id.

¹³ See Dep't of Enforcement v. Baxter, No. C07990016, 2000 NASD Discip. LEXIS 3, at **21, 25 (NAC Apr. 19, 2000).

¹⁴ NASD Sanction Guidelines, p. 38 (2005).

¹⁵ Guidelines at 10.

be ordered to reimburse SG the \$150,000 balance of the misused funds with interest.¹⁶

The Hearing Officer finds that there are no mitigating factors in this case. On November 6, 2003, customer SG gave Respondent \$150,000 to invest in OTLC. Setting aside whether OTLC was an appropriate investment recommendation for customer SG, the Hearing Officer finds that Respondent admitted to customer SG in December 2003, a month after the funds were supposed to have been invested, that he had not made the investment.

From December 2003 through March 2004, SG asked Respondent repeatedly for evidence of her \$250,000 investment. In March 2004, Respondent repaid SG \$100,000 of her \$250,000 investment. However, Respondent still did not provide SG with evidence of the investment of the balance of her funds, nor has he repaid the balance of the funds. Finding that Respondent attempted to lull SG into inaction, by promising to return the balance of her funds, the Hearing Officer agrees with Enforcement that Respondent poses a considerable risk to the investing public and should be barred from associating with any member firm in any capacity.

The Hearing Officer also agrees that an order of restitution is appropriate and orders Respondent to reimburse SG \$150,000 plus interest, calculated in accordance with the rate set forth in Section 6621 of the Internal Revenue Code (26 U.S.C. §6621(a)(2)) from December 5, 2003, until paid.¹⁷

¹⁶ Enforcement calculated the interest on the \$150,000 balance of the misused funds from December 5, 2003 to March 24, 2005 to be \$9,136.63. (CX-8).

¹⁷ The Hearing Officer finds that SG suffered a quantifiable loss because of Respondent's misconduct and that Respondent would benefit from his misconduct if the Hearing Officer did not impose an order of restitution. (Guidelines at 4).

B. Respondent Failed to Respond to Four Rule 8210 Requests for Information

The NASD Sanction Guidelines recommend fines in the range of \$25,000 to \$50,000 for a failure to respond, and provide that, if an individual does not respond in any manner, a bar should be standard.¹⁸

In the instant case, where Enforcement has not identified any mitigating factors, and the recommended bar is standard for this type of violation, the Hearing Officer accepts Enforcement's recommended sanction and bars Respondent from association with any member firm in any capacity.

V. Conclusion

Respondent Kevin L. Teasley is barred from associating with any NASD member firm in any capacity for: (1) misusing SG's funds, in violation of NASD Conduct Rules 2110 and 2330(a); and (2) failing to respond to four requests for information issued by the NASD staff pursuant to NASD Procedural Rule 8210, in violation of NASD Procedural Rule 8210 and NASD Conduct Rule 2110. For misusing customer funds, Respondent is also directed to pay restitution to SG in the amount of \$150,000 plus interest from December 5, 2003 until paid, calculated in accordance with the rate set forth in Section 6621 of the Internal Revenue Code (26 U.S.C. §6621(a)(2)).¹⁹

The restitution order shall become effective on a date set by NASD, but not earlier than 30 days after the date this Default Decision becomes the final disciplinary action of NASD. The

¹⁸ Guidelines at 35.

¹⁹ Guidelines at 11.

bars will become effective immediately upon this Default Decision becoming the final disciplinary action of NASD.


Sharon Witherspoon
Hearing Officer

Dated: Washington, DC
April 18, 2005

Copies to:
Kevin L. Teasley (via Federal Express and first class mail)
David Utevsky, Esq. (via electronic and first class mail)
Rory C. Flynn, Esq. (via electronic and first class mail)

EXHIBIT A

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

Kevin L. Teasley,
CRD No. 2670648

Respondent.

Disciplinary Proceeding
No. C3B040031

Hearing Officer: ____

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Respondent Kevin L. Teasley ("Teasley") was initially associated with a member of NASD in September 1995. He became registered as an Investment Company / Variable Contracts Representative in November 1995, and as an Investment Company / Variable Contracts Principal in January 1998. From on or about April 12, 2002, until on or about December 31, 2003, he was registered through World Group Securities, Inc. ("World Group") as an Investment Company / Variable Contracts Representative and Investment Company / Variable Contracts Principal.
2. On or about December 17, 2003, a Uniform Termination Notice for Securities Industry Registration ("Form U-5") was filed by World Group on behalf of Respondent Teasley. The Form U-5 disclosed that Respondent Teasley's registration was terminated, effective December 31, 2003, for "failure to pay renewals [for] 2004."

ORIGINAL

3. On or about April 2, 2004, an Amended Form U-5 was filed by World Group on behalf of Respondent Teasley. The Amended Form U-5 disclosed a complaint by customer SG alleging that Respondent Teasley sold her a product other than those approved for sale by World Group.
4. Respondent Teasley is not currently registered or associated with any member firm; however, pursuant to Article V, Section 4 of the NASD By-Laws, NASD retains jurisdiction over him for purposes of this Complaint.

FIRST CAUSE OF COMPLAINT

[NASD Conduct Rules 2110 and 2330(a), Misuse of Customer Funds]

5. Paragraphs number 1 through 4, above, are realleged and incorporated herein by reference.
6. During the period from on or about November 6, 2003, until on or about December 5, 2003, Respondent Teasley solicited and accepted two payments from customer SG in the total amount of \$250,000. SG intended that the funds paid to Respondent Teasley would be used to make investments on her behalf.
7. Respondent Teasley did not use the funds obtained from SG to make investments on her behalf as she intended.
8. On or about March 31, 2004, in order to return to SG a portion of the funds he had obtained from her, Respondent Teasley caused a cashier's check to be issued, payable to SG, in the amount of \$100,000.
9. Respondent Teasley thereby misused \$250,000 of SG's funds, without her knowledge, authorization or consent.
10. Such acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rule 2330(a). Such conduct is inconsistent with high standards of commercial honor and just

and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent Teasley.

SECOND CAUSE OF COMPLAINT

[NASD Procedural Rule 8210 and Conduct Rule 2110, Failure to Respond to Requests for Information]

11. Paragraphs number 1 through 4 and 6 through 10, above, are realleged and incorporated herein by reference.
12. In or about April 2004, NASD initiated an investigation concerning allegations that Respondent Teasley had converted and/or misused funds obtained from SG. In connection with that investigation, NASD staff requested information from Respondent Teasley.
13. Respondent Teasley's residential address as reflected in NASD's Central Registration Depository ("CRD") is [REDACTED] ("the CRD Address"). NASD staff learned of an additional possible address for Respondent Teasley. That address was [REDACTED] ("the Riverdale Rd. Address").

First Request for Information

14. On April 21, 2004, NASD staff sent a request for information pursuant to Procedural Rule 8210 relating to the subject matter of the NASD investigation, via U.S. Postal Service first class mail and certified mail, return receipt requested, to the CRD Address and the Riverdale Rd. Address. The first request letter required a response no later than May 5, 2004.
15. The envelope sent to the CRD Address via first class mail on April 21, 2004, was returned by the U.S. Postal Service, marked "Moved, Left No Address, Unable to Forward, Return to Sender." The envelope sent to the CRD Address via certified mail was returned by the U.S. Postal Service, marked "Moved, Left No Address, Unable to Forward, Return to Sender."

16. The envelope sent to the Riverdale Rd. Address via first class mail on April 21, 2004, was not returned by the U.S. Postal Service. NASD staff received a domestic return receipt for the envelope sent to the Riverdale Rd. Address via certified mail, bearing the signature of Wayne McAdams, identified as "agent."

17. No response to the staff's first request was received from Respondent Teasley.

Second Request for Information

18. On May 11, 2004, the staff sent a second request for information pursuant to NASD Procedural Rule 8210 relating to the subject matter of the NASD investigation, via U.S. Postal Service first class mail and certified mail, return receipt requested, to the CRD Address and the Riverdale Rd. Address. A copy of the staff's request letter of April 21, 2004, was enclosed. The second request letter required a response by May 18, 2004.

19. The envelope sent to the CRD Address via first class mail on May 11, 2004, was returned by the U.S. Postal Service, marked "Attempted, Not Known." The envelope sent to the CRD Address via certified mail was returned by the U.S. Postal Service, marked "Attempted, Not Known."

20. The envelope sent to the Riverdale Rd. Address via first class mail on May 11, 2004, was not returned by the U.S. Postal Service. NASD staff received a domestic return receipt for the envelope sent to the Riverdale Rd. Address via certified mail, bearing the signature of Wayne McAdams, identified as "agent."

21. No response to the staff's second request was received from Respondent Teasley.

Third Request for Information

22. During the period from May 12, 2004, until May 19, 2004, NASD staff learned of two additional possible addresses for Respondent Teasley. Those addresses were [REDACTED]

[REDACTED] ("the 22 St. Address") and [REDACTED]
[REDACTED] ("the P. O. Box Address").

23. On May 19, 2004, the staff sent a third request for information pursuant to NASD Procedural Rule 8210 relating to the subject matter of the NASD investigation, via U.S. Postal Service first class mail and certified mail, return receipt requested, to the CRD Address, the Riverdale Rd. Address, the 22 St. Address and the P. O. Box Address. The third request letter required a response by June 2, 2004.
24. The envelope sent to the CRD Address via first class mail on May 19, 2004, was returned by the U.S. Postal Service, marked "Attempted, Not Known." The envelope sent to the CRD Address via certified mail was returned by the U.S. Postal Service, marked "Attempted, Not Known."
25. The envelope sent to the Riverdale Rd. Address via first class mail on May 19, 2004, was not returned by the U.S. Postal Service. NASD staff received a domestic return receipt for the envelope sent to the Riverdale Rd. Address via certified mail, bearing the signature of Wayne McAdams, identified as "agent."
26. The envelope sent to the 22 St. Address via first class mail on May 19, 2004, was not returned by the U.S. Postal Service. The envelope sent to the 22 St. Address via certified mail was returned by the U.S. Postal Service, marked "Unclaimed."
27. The envelope sent to the P. O. Box Address via first class mail on May 19, 2004, was returned by the U.S. Postal Service, marked "Return to Sender, Box Closed, Unable to Forward." The envelope sent to the P. O. Box Address via certified mail was returned by the U.S. Postal Service, marked "Return to Sender, Box Closed, Unable to Forward."
28. No response to the staff's third request was received from Respondent Teasley.

Fourth Request for Information

29. On June 3, 2004, the staff sent a fourth request for information pursuant to NASD Procedural Rule 8210 relating to the subject matter of the NASD investigation, via U.S. Postal Service first class mail and certified mail, return receipt requested, to the CRD Address, the Riverdale Rd. Address, the 22 St. Address and the P. O. Box Address. A copy of the staff's request letter of May 19, 2004, was enclosed. The fourth request letter required a response by June 10, 2004.
30. The envelope sent to the CRD Address via first class mail on June 3, 2004, was returned by the U.S. Postal Service, marked "Attempted, Not Known." The envelope sent to the CRD Address via certified mail was returned by the U.S. Postal Service, marked "Not Deliverable As Addressed, Unable to Forward."
31. The envelope sent to the Riverdale Rd. Address via first class mail on June 3, 2004, was not returned by the U.S. Postal Service. NASD staff received a domestic return receipt for the envelope sent to the Riverdale Rd. Address via certified mail, bearing the signature of Wayne McAdams, identified as "agent."
32. The envelope sent to the 22 St. Address via first class mail on June 3, 2004, was not returned by the U.S. Postal Service. NASD staff received a domestic return receipt for the envelope sent to the 22 St. Address via certified mail, bearing the signature of Lesa Preston.
33. The envelope sent to the P. O. Box Address via first class mail on June 3, 2004, was returned by the U.S. Postal Service, marked "Return to Sender, Box Closed, Unable to Forward." The envelope sent to the P. O. Box Address via certified mail was returned by the U.S. Postal Service, marked "Return to Sender, Box Closed, Unable to Forward."
34. No response to the staff's fourth request was received from Respondent Teasley.

35. To date, NASD has not received any response to the foregoing requests for information.

36. Such acts, practices and conduct constitute separate and distinct violations of NASD

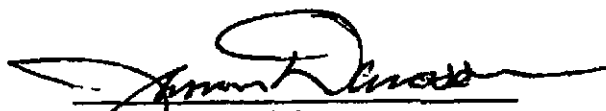
Procedural Rule 8210. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Respondent Teasley.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondent in accordance with NASD Rule 8310;
- C. An order requiring Respondent to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and
- E. An order imposing any other fitting sanction.

Date: Dec. 21, 2004


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