

**NASD
NATIONAL ADJUDICATORY COUNCIL**

Department of Enforcement,

Complainant,

v.

Christopher W. Black,
CRD No. 1856976

Respondent.

Disciplinary Proceeding
No. CAF040084

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: February 23, 2006

INTRODUCTION

Disciplinary Proceeding No. CAF040084 was filed on November 19, 2004, by the Department of Enforcement of NASD ("Complainant"). Respondent Christopher W. Black submitted an Offer of Settlement ("Offer") to Complainant on February 14, 2006. 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 Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD.

BACKGROUND

Respondent Black has been registered with NASD as a general securities representative since 1988. Black was associated with Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill Lynch") from August 1988 until February 2003. Black is currently associated with NASD member firm A.G. Edwards & Sons, Inc. Black has no disciplinary history.

FINDINGS AND CONCLUSIONS

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

In or about December 2001, while associated with Merrill Lynch, Black was named as a respondent in an arbitration complaint filed by GS, a former customer of Black's at Merrill Lynch. In connection with the arbitration, in or about December 2001 Black reviewed his handwritten notes of a meeting with GS, which occurred in or about July 1999. Black altered those notes to remove personal comments about GS and to add information regarding conversations he claimed to have had with GS, a Microsoft employee, about the customer's financial situation and holdings.

At or about the same time, Black altered his notes of another meeting with GS, which occurred in or about August 1999, to add information regarding conversations he claimed to have had with GS in that meeting about margin and options strategies. Black also created or altered roughly eight pages of additional notes regarding other conversations and meetings he claimed to have had with GS. In some instances Black wrote dates on those notes, giving the appearance that the notes were created contemporaneously with the event discussed therein. In or after

December 2001, Black placed the altered notes in GS's customer file at Merrill Lynch.

Much of the information Black added or altered was relevant to issues raised in GS's arbitration complaint. For example, as a Microsoft employee, GS's holdings had been heavily concentrated in Microsoft stock and options. Black wrote notes confirming that he advised GS to diversify his holdings and that he advised GS not to borrow on margin to exercise and hold Microsoft options.

Several months after placing his notes in GS's customer file, Black provided that file, including the altered notes, to Merrill Lynch during discovery in connection with the GS arbitration. Black did not disclose to Merrill Lynch that his notes had been altered or that any of the notes in the file were not prepared contemporaneously with the events described therein. Merrill Lynch subsequently produced copies of Black's notes to GS in discovery in the GS arbitration proceeding.

In or about November 2002, counsel for GS disputed factual allegations in some of Black's notes during a mediation session. When questioned by representatives of Merrill Lynch at that time, Black did not disclose that any of his notes had been altered or that any of the notes in the file were not prepared contemporaneously with the events described therein. In or about January 2003, after a handwriting expert questioned whether some of Black's notes had been rewritten, Black admitted to Merrill Lynch for the first time that some of his notes in the GS file had been altered or created after the fact.

Black's conduct as alleged above failed to satisfy high standards of commercial honor and just and equitable principles of trade, in violation of NASD Conduct Rule 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

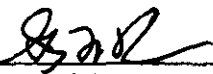
misconduct, and represent a proper discharge by NASD of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

It is ordered that Respondent be suspended from association with any NASD member firm in all capacities for one (1) year and fined \$25,000. The sanctions imposed herein shall be effective on a date set by NASD staff.

SO ORDERED.

NASD

By: 
Gary M. Lisker
Counsel, Department of Enforcement
on behalf of the Director of ODA, pursuant to
delegated authority