

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. CLI050005

TO: Department of Enforcement
NASD

RE: James Louis Hesdra, Respondent
[General Securities Representative]
[CRD No. 2515939]

Pursuant to Rule 9216 of NASD Code of Procedure, Respondent James Louis Hesdra ("Hesdra" or "Respondent") submits 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 Respondent alleging violations based on the same factual findings.*

Respondent understands 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 National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against him;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's 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. 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understand that his 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:

Respondent first became registered with NASD as a General Securities Representative ("GSR") on July 25, 1994 through a member firm. From October 30, 2002, through January 15, 2003, he was registered with NASD as a GSR through member firm Brockington Securities, Inc. (BD No. 37438) ("Brockington"). From February 3, 2003, through April 10, 2003, he was last registered with NASD as a GSR through a member firm.

Respondent does not have any previous disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against him;
- 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.

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 Rule 9143 or the separation of functions prohibitions of 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.

II.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, 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:
- (1) From in or around October 2002 through in or around January 2003, while registered with NASD through Brockington, Respondent impersonated another Brockington registered representative, JC, while soliciting clients to open new accounts or to engage in securities transactions. By reason of the foregoing, Respondent violated NASD Conduct Rule 2110.
 - (2) From in or around October 2002 through in or around January 2003, while registered with NASD through Brockington, Respondent listed another Brockington registered representative, JC, as registered representative of record on new account forms and order tickets when Respondent was aware that he, rather than JC, had opened the new accounts in question or handled the securities transactions in question. By reason of the foregoing, Respondent violated NASD Conduct Rule 2110.
 - (3) From in or around October 2002 through in or around January 2003, while registered with NASD through Brockington, Respondent forged JC's signature as the registered representative of record on new account forms. During that same time period, Respondent also forged the signature of Brockington branch manager, KC, on new account forms as approving supervisor. By reason of the foregoing, Respondent violated NASD Conduct Rule 2110.
 - (4) From in or around October 2002 through in or around January 2003, while registered with NASD through Brockington, Respondent, in participation with other registered representatives and associated persons of Brockington, misrepresented to customers that he was selling them shares of Matrix Energy Services ("Matrix") and thereafter diverted those customers' checks away from Brockington in order to convert those funds. By reason of the foregoing,

Respondent violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and NASD Conduct Rules 2110, 2120, and 2330.

(5) During his on-the record interview ("OTR") before the NASD on June 10, 2004, Respondent failed to respond truthfully to the staff's questions regarding:

- Whether he opened any new accounts;
- Whether he ever represented himself as JC to a customer;
- Whether he ever signed JC's name to any new account form;
- Whether he ever signed KC's name to any new account form;
- Whether he and Brockington registered representative DE agreed to pay all bills of the Maiden Lane branch of Brockington if KC would act as the branch's General Securities Principal (Series 24);
- Whether DE ever impersonated JC when contacting customers;
- Whether DE ever listed JC's name on a new account form;
- Whether he ever called customers to purchase shares of Matrix.

By reason of the foregoing, Respondent violated NASD Procedural Rule 8210 and NASD Conduct Rule 2110.

B. Respondent also consents to the imposition, at a maximum, of the following sanctions:

(1) A bar from associating with any member firm in any capacity.

Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

III.

OTHER MATTERS

Respondent understands that if he is barred or suspended from associating with any NASD member, he becomes 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, he 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 Rule 8310 and IM-8310-1.)

Respondent certifies that he has read and understands 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 him to submit it.

12/17/04
Date

James Hesdra
James Louis Hesdra

Reviewed by:

[Signature]
Counsel for James Louis Hesdra

Accepted by NASD:

03/24/03
Date

Jon S. Batterman
Jon S. Batterman
Signed on behalf of the Director of ODA,
by delegated authority