

**NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E052004022602**

TO: Department of Enforcement
NASD

RE: Edwin H. Jaffe, Respondent
General Securities Principal and
General Securities Representative
[CRD No. 1382154]

Pursuant to Rule 9216 of the NASD Code of Procedure, 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 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 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 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 the 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 finding 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 the NASD is not a party.

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:

Edwin H. Jaffe entered the securities industry on July 12, 1985 as an Investment Company and Variable Contracts Products Representative of New York Life Securities Corp., a member of NASD. Subsequently, on March 15, 1986, Edwin H. Jaffe obtained the General Securities Representative (Series 7) license and allowed his registration as an Investment Company and Variable Contracts Products Representative to lapse. Edwin H. Jaffe, during all periods mentioned herein, was associated with member firm FSC Securities Corporation, and was registered with NASD under Article V of the By-Laws as a General Securities Principal and a General Securities Representative. Edwin H. Jaffe is currently associated with another member firm and has not previously been the subject of a formal disciplinary action by any regulatory body.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under the 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.

Further, 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.

I further specifically and voluntarily waive 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. I hereby accept and consent, without admitting or denying the 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:

In on or about January 2000 and in or about August 2000, Edwin H. Jaffe participated in private securities transactions involving a total investment of \$1,725,000 without providing prior written notice to his employer member firm of the proposed transactions and his role therein. Specifically, Jaffe referred seven public customers to LCC Holdings, Inc. and assisted customers in setting up custodial accounts to hold the investments. Although Jaffe disclosed in writing to the firm that he had an ownership interest in a company owned by LCC Holdings, Inc., the disclosure was inadequate because it did not describe in detail the proposed transactions or Jaffe's role in the transactions.

Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3040 by Edwin H. Jaffe.

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

A monetary fine in the amount of \$20,000 and a 9-month suspension of Edwin H. Jaffe from association with any NASD member in any capacity.

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

Letter of Acceptance, Waiver,
And Consent
Edwin H. Jaffe
Case No. 00520040226 02
Page No. 4

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 agree to pay any monetary sanctions imposed on me upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which I propose to pay any fine imposed.
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. I understand that if I am barred or suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(38) 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 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.

6/2/06
Date

Edwin H. Jaffe
Edwin H. Jaffe, General Securities Principal
and General Securities Representative

Letter of Acceptance, Waiver,
And Consent
Edwin H. Jaffe
Case No. 80520040229 02
Page No. 5

Reviewed by:


Counsel for Respondent

Accepted by NASD:

June 9, 2006
Date

Signed on behalf of the
Director of ODA, by delegated authority


Laura Leigh Blackston,
Regional Counsel
NASD, District No. 5
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-0802
Phone: 504/522-8527
FAX: 504/522-4077

NASD Senior Vice President
and Regional Director
Warren A. Butler, Jr.
NASD, District No. 5
1100 Poydras Street, Suite 850
New Orleans, Louisiana 70163-0802

Attachment: Election of Payment form

AWC01
Rev 12/2002

To: NASD Department of Enforcement, NAC, and/or ODA

From: Edwin H. Jaffe

Re: NASD Examination No. E0520040226

April 25, 2006

Statement of Corrective Action

This Corrective Action Statement is submitted by the Respondent. It does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD, or its staff.

I, Edwin H. Jaffe, take seriously the Rules of NASD, and in particular Conduct Rules 2110 and 3040 at issue in the attached Letter of Acceptance, Waiver and Consent. Prior to this examination, I had never been the subject of examination or disciplinary action by NASD.

Throughout my career, I used the compliance departments at my broker-dealers to ensure that I adhered to all applicable rules and regulations. I relied primarily on the training, advice, and counsel of those compliance departments (in this case, FSC Securities, Inc.), believing that they had the knowledge and depth of experience to address compliance issues that arose under NASD rules, including NASD Conduct Rules 2110 and 3040. Now, realize that reliance on my broker-dealer alone is not adequate. As a result of this NASD examination, I increased my knowledge of the scope and application of NASD rules, especially the conduct rules concerning private securities transactions (NASD Conduct Rule 3040).

In addition, I have worked with, and will continue to work closely with, the Chief Compliance Officer and, when necessary, legal counsel, at my new broker-dealer, William E.

Hopkins & Associates, Inc., to ensure that I fully comply with all NASD Conduct Rules now and in the future, upon my reassociation with a member firm following my suspension.

In 23 years in the financial services industry, the last 21 years as a registered representative, I always sought to act in my clients' best interests by helping them reach their financial goals and objectives. This process has further assisted my ability to do so. My focus on careful compliance with all applicable rules will continue once the pending matter is resolved.

Respectfully,



Edwin H. Jaffe