

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant

v.

Daniel Forrest Barrett
Investment Company & Variable
Contracts Products Representative

Respondent

Disciplinary Proceeding
No. E062003043403

Hearing Officer:

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Daniel Forrest Barrett ("Barrett") entered the securities industry in January 1988, when he associated with an NASD member firm. He subsequently registered with six other NASD member firms before registering with Oxford Financial Group ("Oxford Financial") in December 1999. He remained at the firm until his termination on December 31, 2003, and since that time has not registered with any other NASD member firm. During his career in the securities industry, Barrett obtained Series 6, 7, 62 and 63 securities licenses.
2. Although Barrett is no longer associated with an NASD member firm, he remains subject to the jurisdiction of NASD pursuant to Article V, Section 4 of the Association's By-Laws, which provides for a two-year period of retained jurisdiction over formerly associated persons. Accordingly, NASD retains jurisdiction over Barrett until December 30, 2005.

BACKGROUND

3. In approximately December 2000, Oxford Financial commenced several securities offerings conducted by its parent company, Oxford Representatives Group ("ORG"). The offerings

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were created to fund Oxford Financial's existing operations and to grow and expand the company. The ORG offering memoranda were replete with disclosures regarding the risks associated with the investment. According to the memoranda, "an investment in [ORG securities] is highly speculative and should be considered only by persons able to bear the economic risk of the investment for an indefinite period." The memoranda also warned that investors should consider each of the several pages of risk factors before making an investment in ORG. Included among the risk factors was the fact that there was no immediate marketplace for ORG stock and, consequently, the stock was highly illiquid.

FIRST CAUSE OF COMPLAINT

Barrett Made Unsuitable Investment Recommendations

(Violations of NASD Conduct Rules 2110 and 2310)

4. Paragraphs 1 through 3 above are realleged and incorporated herein by reference.
5. In approximately July 2001, Barrett contacted DB, a 63-year-old retiree with limited income, resources and investment experience, about investing in ORG stock. He represented to DB that the investment was safe, and "was only being offered to family and friends."
6. Based on Barrett's representations and recommendation, DB purchased \$6,000 worth of ORG stock.
7. In November 2001, Barrett contacted DB and recommended another investment in ORG. Based on Barrett's recommendation, DB purchased \$9000 worth of ORG on November 29, 2001.
8. Barrett did not provide DB with an ORG offering memorandum or disclosure statement in connection with either of her ORG investments.
9. DB lost all of her investment principal when ORG stock became worthless after Oxford

Financial ceased business operations in July 2004.

10. At the time of Barrett's investment recommendations, DB's financial status was as follows:
\$250,000 net worth; \$10,000 liquid net worth; and \$27,500 annual income that consisted of \$13,500 in salary from a part-time job and her husband's disability payments in the amount of \$14,000 annually.
11. DB's investment objective was preservation of capital with some growth, and her risk tolerance was low.
12. Barrett's recommendation that DB purchase the high-risk ORG stock was unsuitable based on DB's age, financial status, investment objective and risk tolerance.
13. The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2310 by Daniel Forrest Barrett.

SECOND CAUSE OF COMPLAINT

Barrett Failed to Appear for On-The-Record Testimony

(Violations of NASD Conduct Rules 2110 and 8210)

14. Paragraphs 1 through 13 above are realleged and incorporated herein by reference.
15. By letter dated November 5, 2004, NASD staff requested, pursuant to Rule 8210, that Barrett appear at the Dallas District Office and provide on-the-record testimony on December 1, 2004. The letter was sent via regular and certified mail to Barrett's CRD address of record: [REDACTED] ("CRD address") and an alternate address: [REDACTED] ("secondary address"). The letter required Barrett to contact the District Office no later than November 12, 2004, to confirm his appearance for testimony.
16. The letter sent via certified mail to the CRD address was returned to the District Office

marked, "Returned to Sender" and "Unclaimed." The letter sent via regular mail was not returned to the District Office. The letter sent to the secondary address via certified mail was returned "undeliverable as addressed." The letter sent via regular mail was returned to the District Office marked, "Forward Time Expired" and "Return to Sender." The returned letter also contained a forwarding address, which was the same as the CRD address.

17. By letter dated November 23, 2004, the staff again requested, pursuant to Rule 8210, that Barrett appear at the District Office and provide on-the-record testimony on December 1, 2004. The letter was sent via regular and certified mail to Barrett's CRD and secondary addresses. The letter required Barrett to contact the District Office on or before December 1, 2004, to confirm his testimony appearance. The letter sent via certified mail to the CRD address was returned to the District Office marked, "Returned to Sender," "Unclaimed," and "Unable to Forward." The letter sent via regular mail was not returned to the district office. The letter sent to the secondary address via certified mail was returned "undeliverable as addressed." The letter sent via regular mail was not returned to the District Office.

18. Barrett never appeared for sworn testimony.

19. Such acts, practices, and conduct constitute violations of NASD Conduct Rule 2110 and Procedural Rule 8210 by Daniel Forrest Barrett.

PRAYER FOR RELIEF

WHEREFORE, Complainant respectfully requests:

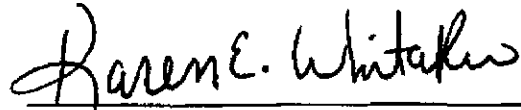
- A. Findings of fact and conclusions of law that Respondent committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondent in accordance with NASD Rule 8310.
- C. An order requiring Respondent to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;

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- 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.

NASD DEPARTMENT OF ENFORCEMENT

Date: December 20, 2005



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