

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E062005004001

TO: Department of Enforcement
NASD

RE: Cambridge Legacy Securities, LLC
CRD No. 103722

O. Ben Carroll
General Securities Principal
CRD No. 1295071

Pursuant to Rule 9216 of NASD Code of Procedure, Cambridge Legacy Securities, LLC and O. Ben Carroll ("Cambridge" and "Carroll," individually or "Respondents," collectively) submit 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 Respondents alleging violations based on the same factual findings.

Respondents 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 Respondents; and
3. If accepted:
 - a. this AWC will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against them;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' 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. Respondents 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 Respondents testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondents also understand that their 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:

Cambridge Legacy Securities, LLC is currently, and was during all times relevant hereto, a member of NASD and registered as a broker/dealer with the Securities and Exchange Commission. Cambridge registered with NASD in July 2000, and has no prior disciplinary history.

O. Ben Carroll entered the securities industry in August 1984, when he associated with NASD member firm Dean Witter Reynolds, Inc. (n/k/a Morgan Stanley DW, Inc.). Carroll left the securities industry from September 1987 to April 1991, when he associated with NASD member Dominion Capital Corporation. Between November 1991 and November 2001, Carroll registered with four other NASD member firms before associating with Cambridge Legacy Securities, LLC in November 2001. During his career in the securities industry, Carroll has obtained Series 4, 7, 24, 26, 28, 63, and 65 securities licenses. Carroll currently serves as President and CEO of Cambridge. He is also the direct owner of Cambridge Legacy Advisors, Inc., an investment advisory firm. He has no prior NASD or SEC disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waive the following rights granted under NASD's Code of Procedure:

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

- 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, Respondents 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.

Respondents 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. Respondents 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:
 - 1. In or about July 2005, Cambridge Legacy Securities, LLC, acting through its president O. Ben Carroll, commenced a best efforts, "minimum-maximum" offering conducted by an affiliated company, Cambridge Petroleum Group-2005A, LP ("CPG"). According to the CPG private placement memorandum, the offering would raise a minimum of \$1,500,000 and a maximum of \$3,000,000. The memorandum also represented that investor funds would be deposited into a bank escrow account until the minimum offering amount

was raised, and that investor funds would be returned if the minimum offering amount was not raised during the offering period. Cambridge, acting through Carroll, who also served as the sole director of the managing general partner of CPG, failed to deposit checks received from the first two investors in the CPG offering into a bank escrow account as required by SEC Rule 15c2-4. Instead, Cambridge deposited the checks, which totaled \$150,000, into CPG's, the issuer, operating account, on which Carroll was a signatory. The first customer's funds were held in the issuer's account for fifteen days before being transferred to an escrow account. The second customer's funds were held in CPG's account for nine days before being forwarded to an escrow account.

Such acts, practices, and conduct constitute separate and distinct violations of Section 15(c) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 15c2-4 thereunder, and NASD Conduct Rule 2110 by Cambridge Legacy Securities, LLC, and violations of NASD Conduct Rule 2110 by O. Ben Carroll.

2. During the period from August 2, 2005 to August 17, 2005, in connection with the above-described CPG offering, Cambridge Legacy Securities, LLC, acting through Carroll, held customer funds by virtue of its failing to place customer funds raised in the CPG offering into a bona fide escrow account, and instead depositing the funds into an account on which Carroll had signature authority. Such conduct violated the terms of Cambridge's membership agreement with NASD.
3. At the time that it commenced the CPG offering, Cambridge's minimum net capital requirement was \$5,000. By virtue of its holding customer funds, Cambridge's minimum net capital requirement increased to \$250,000. The firm's actual net capital during the relevant time period was less than the required minimum. For example, on August 3, 2005, the firm, acting through Carroll, conducted a securities business while failing to maintain its required minimum net capital. On that date, the firm's net capital was \$218,898, resulting in a net capital deficit of <\$31,102>.

Such acts, practices, and conduct constitute separate and distinct violations of Section 15(c) of the Exchange Act, Rule 15c3-1 thereunder, and NASD Conduct Rules 1014 and 2110 by Cambridge Legacy Securities, LLC, and violations of NASD Conduct Rules 2110 and 1014 by O. Ben Carroll.

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

Cambridge Legacy Securities, LLC: A censure and a monetary fine in the amount of \$10,000, to be imposed jointly and severally with O. Ben Carroll.

O. Ben Carroll: A censure and a monetary fine in the amount of \$10,000 to be imposed jointly and severally with Cambridge Legacy Securities, LLC.

The sanction imposed herein shall be effective on a date set by the Association staff.

III.

OTHER MATTERS

- A. Respondents understand that they may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondents understand that they 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. Respondents agree to pay any monetary sanctions imposed on them upon notice that this AWC has been accepted and that such payments are due and payable and have attached Election of Payment forms showing the method by which they propose to pay any fines imposed.
- C. Respondents specifically and voluntarily waive any right to claim that they are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondents certify that they 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 them to submit it.

Letter of Acceptance, Waiver and Consent
E062005004001. Cambridge Legacy Securities, LLC and
O. Ben Carroll

06/21/2006
Date

Cambridge Legacy Securities, LLC

By: [Signature]
(signature)

Name: O Ben Carroll
(printed name)

Title: CEO

06/28/2006
Date

[Signature]
O. Ben Carroll

Reviewed by:

Counsel for Respondent

Accepted by NASD:

07/12/2006
Date

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

[Signature]

Karen E. Whitaker, Regional Counsel
NASD Department of Enforcement
12801 North Central Expressway, Suite 1050
Dallas, TX 75243
Phone Number: 972-716-7610
Fax Number: 972-176-7646

NASD District Director

Virginia F. M. Jans, Vice President
NASD, District 6
12801 North Central Expressway, Suite 1050
Dallas, TX 75243
Phone Number: 972-701-8554