

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E3A2002001601

TO: Department of Enforcement
NASD

RE: Presidential Brokerage, Inc., Member
CRD No.28784
Anthony Campen, General Securities Principal
CRD No. 1959903

Eric Lempe, General Securities Representative
CRD No. 1483459

Pursuant to Rule 9216 of NASD Code of Procedure, we [or Respondents] 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 us alleging violations based on the same factual findings.

We 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 in its entirety or as to any of us individually, its submission will not be used as evidence to prove any of the allegations against any of us as to whom it is not accepted; and
3. If accepted:
 - a. the applicable portions of this AWC will become part of the permanent disciplinary record of each of us and may be considered in any future actions brought by NASD or any other regulator against us;
 - 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. We 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 creating the impression that the AWC is without factual basis. Nothing in this provision affects our testimonial obligations or rights to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

We also understand that our 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:

Presidential Brokerage, Inc. ("Presidential" or "the firm") became a member of NASD in December 1991. The firm's membership is current and it has not previously been the subject of disciplinary action.

Anthony Campen ("Campen") entered the securities industry in May 1989 as a representative of a member of NASD. He has been associated with NASD member firms in various representative and principal capacities since that time. He joined Presidential in August 1995 and presently functions as the firm's Chief Compliance Officer. Campen has not previously been the subject of disciplinary action.

██████████ entered the securities industry in August 1992 as an associated person of a member of NASD. He became a registered representative in 1994 and a general securities principal in July 2001. ██████████ joined Presidential in November 2000 and is presently a registered principal of the firm. He has not previously been the subject of disciplinary action.

██████████ entered the securities industry in September 1993 as a registered representative of a member of NASD. He became a general securities principal in March 1995 and joined Presidential in a supervisory capacity in April 1996. He is currently associated with the firm and has not previously been the subject of disciplinary action.

Eric Lempe ("Lempe") entered the securities industry in March 1986 as a representative of a member of NASD. He was employed as a representative with five members of NASD between March 1986 and June 1991, when he joined

Presidential. He is employed as a representative with the firm in retail sales for his own accounts. Lempe has not previously been the subject of disciplinary action.

I.

WAIVER OF PROCEDURAL RIGHTS

We 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 us;
- 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, we 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.

We 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. We hereby accept and consent, 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. During the period from approximately November 1, 2000 to approximately June 15, 2002, Presidential, acting through Campen, reported eight customer complaints pursuant to NASD Conduct Rule 3070 with inaccurate descriptions of the nature of the complaint and failed to report or reported late four matters that required disclosure within ten days pursuant to Rule 3070(a) and (b), in violation of NASD Conduct Rules 2110 and 3070 by Presidential and Campen;
2. During the period from approximately November 1, 2000 to approximately June 15, 2003, Presidential, acting through Campen, filed six amendments to Forms U-4 more than 30 days after the firm learned of the matter requiring amendment, filed 12 amendments to Forms U-5 more than 30 days after the firm learned of the matter requiring amendment, filed 1 Form U-5 late and did not disclose on an initial Form U-5 filing information required to be disclosed, in violation of NASD Conduct Rule 2110 by Presidential and Campen;
3. During the period from approximately January 1, 2000 to approximately March 1, 2003, Presidential, acting through Campen, failed to establish a supervisory system, and failed to establish, maintain and enforce written supervisory procedures, reasonably designed to achieve compliance with applicable rules pertaining to Rule 3070 reporting, the timely and accurate filing of Forms U-4 and U-5, and the suitability of mutual fund share class recommendations, in violation of NASD Conduct Rules 2110 and 3010 by Presidential and Campen;
4. During the period from approximately December 1, 2001 to approximately March 31, 2003, Presidential, acting through [REDACTED] did not supervise the activities of two registered representatives who were employing trading strategies with customers located in Asia in a manner reasonably designed to achieve compliance with NASD Rule 2510, in violation of NASD Conduct Rules 2110 and 3010;
5. During the period from approximately January 1, 2000 to approximately November 30, 2002, Presidential, acting through Lempe, recommended the purchase of mutual fund "Class B" shares to 54 customers for whom a recommendation of "Class A" shares would have been economically more beneficial, in violation of NASD Conduct Rules 2110 and 2310; and
6. During the period from approximately January 1, 2000 to approximately November 30, 2002, Presidential, acting through Campen and [REDACTED] did not supervise Lempe in a manner reasonably designed to achieve compliance with NASD Conduct Rule 2310 with respect to the suitability of mutual fund share class recommendations, in violation of NASD Conduct Rules 2110 and 2310.

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

Restitution to Customers

Respondents Presidential, Campen and Lempe shall make restitution to customers to whom mutual fund "Class B" shares were recommended when mutual fund "Class A" shares would have been economically more advantageous to them. These customers are identified on Schedule A, attached hereto and incorporated herein by this reference, and the amount to be paid to each customer is set forth therein. Restitution payments shall be made by Respondents Presidential, Campen and Lempe as provided below. Restitution shall be completed on or before September 30, 2005 and, on or before October 15, 2005, Presidential shall provide to NASD Department of Enforcement, District No. 3 - Denver an accounting that shall specify the amount(s), date(s) and method of computation of the payment(s).

Restitution Payments and Other Monetary Sanctions

Respondent Lempe shall be fined in the amount of \$224,618.00, of which \$214,618.00 represents the amount by which the compensation received by him for the mutual fund "Class B" share transactions exceeded the compensation he would have received had the customers purchased mutual fund "Class A" shares. Of this fine, the amount of \$214,618.00 shall be allocated to restitution payments to the customers identified on Schedule A and the remaining \$10,000.00 shall be paid to NASD on or before October 15, 2005.

Respondents Presidential and Campen, jointly and severally, shall be fined in the amount of \$70,000.00. Of this fine, the amount of \$65,083.00 shall be allocated to restitution payments to the customers identified on Schedule A and the remaining \$4,917.00 shall be paid to NASD on or before October 15, 2005.

Respondent [REDACTED] shall pay a fine of \$5,000.00.

Respondent [REDACTED] shall pay a fine of \$5,000.00

Unlocated Customers

If for any reason Presidential cannot locate any investors identified in Schedule A after reasonable and documented efforts prior to September 30, 2005, Presidential shall deposit the remaining restitution payments in a separate bank account in which they shall not be subject to withdrawal by Presidential. Should Presidential locate any customers prior to September 30, 2006, restitution shall be paid to such customers from such account. On September 30, 2006,

Presidential shall forward the amounts of restitution which such investors would otherwise receive to the appropriate escheat, unclaimed property, or abandoned property fund for the respective states in which such investors were last known to have resided.

Non-Monetary Sanctions

Respondent Campen shall be suspended from association with any member of NASD in any principal capacity for a period of 15 business days.

Respondent Lempe shall be suspended from association with any member of NASD in any capacity for a period of six months.

Respondents Presidential, [REDACTED] and [REDACTED] shall be censured.

Undertakings

1. With respect to the first four quarterly customer grievance reports required by NASD Conduct Rule 3070 following the acceptance of this AWC, Presidential shall submit the proposed reports to outside counsel for review prior to the submission of the reports to NASD. With respect to each such review, Presidential shall obtain from outside counsel a letter stating that, based only on information and materials provided by the firm to such counsel, and without any independent investigation, the firm's characterization of the grievance appears to be in accord with the requirements of Rule 3070, based on the guidance provided by the NASD's "Help" screen for use in inputting the Rule 3070 reports. The firm shall maintain all such letters from counsel in an easily accessible location for two years.
2. At the end of each calendar quarter for a period of two years, the firm's president shall attest in writing that he or she has reviewed (i) the Form U-4 and U-5 amendments filed by the firm during the previous quarter and (ii) the firm's records of complaints, arbitrations, litigation and other items requiring disclosure on such amendments for the purpose of verifying the timeliness and accuracy of required amendments, which attestations shall be preserved by the firm in an easily accessible location until June 30, 2008.

The sanctions imposed herein shall be effective on a date set by NASD staff or as provided above with respect to the requirement to make restitution to customers, the joint and several fine to be paid by Presidential and Campen and the individual fine to be paid by Lempe.

III.**OTHER MATTERS**

- A. We understand that we may attach, individually or collectively, a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. We understand that we 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. A Corrective Action Statement, entitled "Revisions to Policies and Procedures," is attached hereto as Schedule B.
- B. We agree to pay any monetary sanctions imposed on us as described above. We have attached Election of Payment forms showing the method(s) by which we propose to pay such fines at such time as they become due and payable.
- C. We specifically and voluntarily waive any right to claim that we are unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. Lempe understands that if he is 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, during the period of the suspension. Accordingly, he may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the suspension. (See NASD Rule 8310 and IM-8310-1.)

[Rest of page intentionally left blank; signature page follows.]

We certify that we 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 use to submit it.

Presidential Brokerage, Inc.

7/25/05
Date

By: John DuPriest
John DuPriest, CEO

7/25/05
Date

Anthony Campen
Anthony Campen

Date

Eric Lempe

Date

Date

Reviewed by:

Counsel for Respondent

Accepted by NASD:

8/10/05
Date

Joseph M. McCarthy / H&P
Joseph M. McCarthy, Associate Vice
President and District Director
Signed on behalf of the Director of ODA,
by delegated authority

Attachments

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By: _____
John DuPriest, CEO

Date

7/25/05

Date

Anthony Campen

Eric Lempe

Eric Lempe

7/25/05

Date

Date

Reviewed by:

Counsel for Respondent

Accepted by NASD:

8/10/05

Date

Joseph M. McCarthy / s/s

Joseph M. McCarthy, Associate Vice
President and District Director
Signed on behalf of the Director of ODA,
by delegated authority

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Presidential Brokerage, Inc.

7/22/05
Date

By: John A. DuPriest
John DuPriest, CEO

Date

Anthony Campen

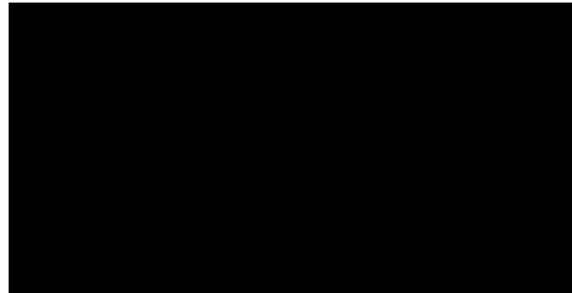
Date

Eric Lempe

Date

7/22/05
Date

Reviewed by:



Counsel for Respondent

Accepted by NASD:

8/10/05
Date

Joseph M. McCarthy / JMC
Joseph McCarthy,

Associate Vice President and District
Director

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by delegated authority

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By:

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Date

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Date

Eric Lempe

Date

7/25/05

Date

Reviewed by:

Counsel for Respondent

Accepted by NASD:

Date

8/10/05

Joseph M. McCarthy

Joseph M. McCarthy, Associate Vice
President and District Director

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