

NASD
OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Geneos Wealth Management, Inc.,
CRD No. 120894,

Respondent.

Disciplinary Proceeding
No. E3A20040062-01

Hearing Officer: DRP

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: November 1, 2006

INTRODUCTION

Disciplinary Proceeding No. E3A20040062-01 was filed on May 15, 2006, by the Department of Enforcement of NASD ("Enforcement"). Respondents Geneos Wealth Management, Inc. and Jodee M. Brubaker-Rager submitted an Offer of Settlement ("Offer") to Enforcement on October 24, 2006. Pursuant to Code of Procedure Rule 9270(e), Enforcement and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Enforcement and approved by the NAC.

Under the terms of the Offer, Respondent Geneos has consented, without admitting or denying the allegations of Causes Two and Three of the Complaint, 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, to the entry of findings and violations and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of its permanent disciplinary record and may be considered in any future actions brought by NASD. Respondent Brubaker-Rager has consented to the dismissal of the allegations against her.

BACKGROUND

Geneos became a member of NASD in June 2002. The firm has not previously been the subject of disciplinary action by NASD, the SEC, a state regulator or a self-regulatory organization.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted. Pursuant to the Offer, the allegations of Cause One of the Complaint are hereby dismissed and the allegation that Respondent Brubaker-Rager violated NASD Conduct Rules 2110 and 6230 is hereby dismissed. In connection with Causes Two and Three of the Complaint, findings are hereby made as follows:

1. Between June 27, 2003 and January 30, 2004, Geneos effected approximately 315 transactions in TRACE-eligible securities with its customers. Geneos did not report, or cause the reporting of, these transactions to the TRACE system, in violation of NASD Conduct Rules 2110 and 6230.
2. Between June 27, 2003 and January 31, 2004, Geneos engaged in the business of effecting corporate bond transactions that were required to be reported to the TRACE system. Geneos was required by NASD Conduct Rule 3010 to have a supervisory system and written supervisory

procedures reasonably designed to achieve compliance with the rules applicable to the reporting of corporate bond transactions to the TRACE system. Geneos did not have a supervisory system or written supervisory procedures pertaining to such transactions. This constituted a violation of Conduct Rules 2110 and 3010 by Geneos.

3. Between January 1, 2004 and April 30, 2004, a registered person of Geneos engaged in the business of servicing 403(b) plan accounts for employees of educational institutions. In connection therewith, Geneos accepted and deposited customer funds in the form of checks made payable to the firm. Immediately upon receipt of such checks, Geneos disbursed funds to the appropriate mutual fund companies and plan sponsors. By accepting the checks, Geneos did not enforce its written supervisory procedures, which specified that the firm would not accept customer funds in the form of checks made payable to the firm. Further, Geneos did not establish a system and written procedures to supervise the registered person's 403(b) plan business that were reasonably designed to achieve compliance with SEC Rule 15c3-3. This constituted a violation of Conduct Rules 2110 and 3010 by Geneos.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

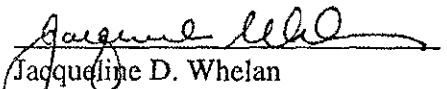
SANCTIONS

It is ordered that Respondent Geneos be censured and fined in the amount of \$12,500.00.

SO ORDERED.

NASD

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


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