

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E3B2004001801

TO: Department of Enforcement
NASD

RE: Integrity Trading, Inc., Respondent
Member
CRD No. 104236

and

Jeffrey Wade Hockanson, Respondent
General Securities Principal
CRD No. 1916556

Pursuant to Rule 9216 of NASD Code of Procedure, 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 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 records and may be considered in any future actions brought by NASD or any other regulator against Respondents;**
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondents' disciplinary records;**

- 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:

Integrity Trading, Inc. ("Integrity" or "the Firm") has been a member of NASD since December 21, 2000. Its principal offices are located in Kirkland, Washington. The Firm conducts a general securities business and operates pursuant to the exemptive provisions of SEC Rule 15c3-3(k)(2)(ii). It employs approximately 16 registered persons and seven foreign associates, operating from three OSJ offices and six non-registered branch offices.

Jeffrey Wade Hockanson ("Hockanson") was, at all relevant times, Integrity's Chief Compliance Officer. He entered the securities industry in January 1989 as an associated person of a member of NASD. He became registered as a Corporate Securities Representative in March 1990, as a General Securities Representative in July 1991, as a General Securities Principal in May 1999, as an Introducing Broker Financial Operations Principal in January 2000, and as an Equity Trader in December 2000. Since December 2000, he has been registered through Integrity as a General Securities Principal, General Securities Representative, Introducing Broker Financial Operations Principal, and Corporate Securities Representative. In addition, since May 2001, he has been registered through Integrity as a Registered Options Principal; and, since July 2002, he has been registered through Integrity as an Equity Trader.

Neither Integrity nor Hockanson has any formal 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 Respondents;**
- 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:**

SEC Rule 17f-2 and NASD Membership and Registration Rule 1140(c)(2) require member firms to submit appropriate and complete fingerprint cards to NASD for all employees. Rule 1140(c)(2) provides that if a member fails to submit a fingerprint card for a person who is applying for registration within 30 days after NASD receives a Uniform Application for Securities Registration or Transfer (Form U-4) for that person, the person's registration shall be deemed inactive.

During the period from on or about April 28, 2004, until on or about June 13, 2005, Integrity Trading, Inc., acting through Jeffrey Wade Hockanson, failed to timely submit appropriate and complete fingerprint cards to NASD for seven associated persons. Four of those individuals were registered representatives and three were foreign associates.

The Firm submitted illegible fingerprint cards for three of the seven associated persons. The Firm did not submit fingerprint cards for six of the seven associated persons within 30 days after NASD received Forms U-4 for those associated persons.

The Firm permitted six of the seven associated persons to engage in the securities business of the Firm while their registrations were inactive as a result of the Firm's failure to timely submit appropriate and complete fingerprint cards.

Such acts, practices and conduct constitute separate and distinct violations of SEC Rule 17f-2, NASD Membership and Registration Rules 1140(c)(2) and 1031(a), and NASD Conduct Rule 2110 by Integrity Trading, Inc., and separate and distinct violations of Membership and Registration Rules 1140(c)(2) and 1031(a) and Conduct Rule 2110 by Jeffrey Wade Hockanson.

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

Integrity Trading, Inc. and Jeffrey Wade Hockanson shall be censured and fined \$15,000, jointly and severally.

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

1/27/06
Date

Integrity Trading, Inc.
Respondent

By [Signature]
Robert D. Luecke
President

1/27/06
Date

[Signature]
Jeffrey Wade Hockanson
Respondent

Reviewed by:

[Signature]
Mark Roth
Counsel for Respondents
Golbeck Roth PLLC
1001 Fourth Ave., Suite 2130
Seattle, WA 98154-1143

Accepted by NASD:

February 22, 2006
Date

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

David Utevsky
David Utevsky
Regional Counsel
NASD Department of Enforcement
601 Union Street, Suite 1616
Seattle, WA 98101
(206) 624-0790

NASD District Director
James Dawson
NASD, District 3—Seattle
601 Union Street, Suite 1616
Seattle, WA 98101
(206) 624-0790