

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E3B20040159-01

TO: Department of Enforcement
NASD

RE: Peter Frederick McKinnon, Respondent
General Securities Representative
Investment Company & Variable Contracts Products Representative
Investment Company & Variable Contracts Products Principal
CRD No. 1584788

Pursuant to Rule 9216 of NASD Code of Procedure, I, Peter Frederick McKinnon ("McKinnon"), 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 me alleging violations based on the same factual findings.

I 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 me; and
3. If accepted:
 - a. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against me;
 - 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. I 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 create the impression that the AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

I also understand that my 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:

McKinnon entered the securities industry in 1988 as a General Securities Representative ("GS") at a NASD member firm. In 1999, McKinnon registered with a second NASD member firm as a GS, Investment Company & Variable Contracts Products Representative ("IR") and Investment Company & Variable Contracts Products Principal ("IP").

In April 1997, McKinnon registered with NASD member firm Ascend Financial Services, Inc. ("Ascend") as a GS and IP.¹ He was permitted to resign from Ascend in August 1998 after violating firm policies by settling a customer complaint away from his firm and also by splitting commissions on several variable insurance contracts.

Soon after his departure from Ascend, McKinnon was hired by NASD member firm New England Securities ("NES") as a GS and IP. He left NES in January 2002 to join NASD member firm 1717 Capital Management Co. ("1717 Capital").

On October 17, 2005, in the United States District Court for the District of Oregon, McKinnon pled guilty to charges of mail fraud and money laundering in connection with the activities that are the subject of this AWC.

McKinnon is not currently associated with a NASD member.

I.

WAIVER OF PROCEDURAL RIGHTS

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

¹ Subsequent to McKinnon's departure, Ascend changed its name to Securian Financial Services, Inc. It remains a NASD member firm.

- A. To have a Formal Complaint issued specifying the allegations against me;
- 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, I 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.

I 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. I 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) From on or about May 2002 through October 2003, McKinnon converted funds from the accounts of customers LC and JH. The funds, totaling in excess of \$180,000, were taken for McKinnon's own personal use.

The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Conduct Rules 2330(a) and 2110.

- 2) On or about August 13, 2004, NASD staff sent McKinnon a written request for certain information and documents relevant and necessary to its investigation of allegations of conversion against McKinnon by customers LC and JH. This request was sent in conformance with and pursuant to Rule 8210. In a letter dated September 1, 2004, McKinnon

informed NASD that he refused to answer any questions concerning the investigation. He has failed, to date, to respond to NASD's request.

The aforementioned acts, practices and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 and Conduct Rule 2110.

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

A bar from associating with any NASD member firm, in any and all capacities.

The sanction imposed herein shall be effective on a date set by NASD staff. Pursuant to IM-8310-2(f), a bar or expulsion shall become effective upon approval or acceptance of this AWC by the NAC.

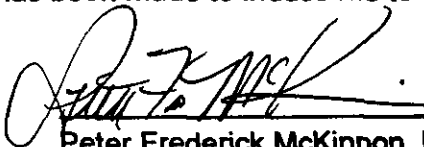
III.

OTHER MATTERS

A. I understand that if I am barred or suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

I certify that I 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 me to submit it.

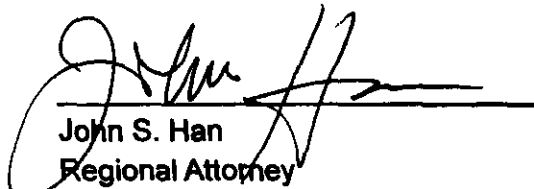
1/5/2006
Date


Peter Frederick McKinnon, Respondent

Accepted by NASD:

1/24/06
Date

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


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