

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E3B2004021902

TO: Department of Enforcement
NASD

RE: Samuel C. Parks, Respondent
General Securities Representative
CRD No. 602872

Pursuant to Rule 9216 of NASD Code of Procedure, I 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 finding in this AWC or create the

directly or indirectly, any finding 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:

Samuel C. Parks entered the securities industry in May 1977 as an associated person of a member of NASD. He was registered as a General Securities Principal from May 1977 until March 1978, from February 1982 until February 1984, and from September 1985 until November 1986. He became registered as a General Securities Representative in March 1978. From August 1991 until November 2004, he was registered through National Securities Corporation ("National") as a General Securities Representative. He is not currently registered or associated with any member firm.

On April 25, 1997, the NASD Regulation, Inc. District Business Conduct Committee for District No. 3 issued a Decision and Order of Acceptance of Respondent's Offer of Settlement, finding that Respondent Parks had made three purchases of securities from a Canadian issuer or officer of an issuer and had bought and sold stock through two Canadian accounts without providing prior written notice to his member firm, National, describing the proposed transactions, his proposed role therein and stating whether he would receive any compensation in connection with that activity. He also failed to provide notice to National of his intention to open the Canadian accounts. His failure to provide notice to National of his intention to open the Canadian accounts precluded the firm from requesting duplicate copies of confirmations, statements and other information concerning the accounts or orders placed therein. Respondent Parks thereby violated NASD Conduct Rules 2110 and 3050. He was censured and fined \$5,000.

Respondent Parks has not been the subject of any other prior disciplinary action by NASD, other self-regulatory organizations, the Securities and Exchange Commission, or any state regulator.

I.

WAIVER OF PROCEDURAL RIGHTS

I 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 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 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. Cumberland Resources – Failure to Disclose Material Information in Connection With Offer and Sale of Securities

During a period beginning no later than 1995 and continuing until January 2004, Samuel C. Parks recommended to customers the stock of Cumberland Resources Ltd. ("Cumberland"), a Canadian mineral exploration and development company. During that period, approximately 71 of Respondent Parks' customers purchased more than 2.8 million shares of Cumberland upon Parks' recommendation.

In 2000 or 2001, two officers of Cumberland agreed that if the price of Cumberland stock increased, they would compensate Respondent Parks for his recommendations and sales of the stock. The officers held options to purchase the stock for \$1.00 Canadian per share. They agreed to pay Respondent Parks an amount equivalent to what he would receive if he exercised an option to purchase 100,000 shares at that price and then sold the shares. In late 2003, in fulfillment of their agreement with him, the two Cumberland officers paid Respondent Parks approximately \$300,000.

Following the agreement of the Cumberland officers to compensate Respondent Parks, when making recommendations to customers regarding Cumberland, Respondent Parks intentionally or recklessly failed to disclose to those customers that the Cumberland officers had agreed to compensate him for his recommendations and sales of Cumberland stock. Following the Cumberland officers' payment to Respondent Parks, when making recommendations to customers regarding Cumberland, Respondent Parks intentionally or recklessly failed to disclose to those customers that the Cumberland officers had compensated him for his recommendations and sales of Cumberland stock.

The agreement to compensate Respondent Parks and the subsequent payment to him could reasonably be characterized by customers as a financial incentive to recommend Cumberland stock. The agreement to compensate Respondent Parks and the subsequent payment to him were material information that should have been disclosed to the customers, to be considered in evaluating his recommendations regarding Cumberland stock and in deciding whether to accept his recommendations. Thus, while using the means and instrumentalities of interstate commerce to offer securities for sale, Respondent Park omitted to state material facts necessary in order to make the statements made in connection with such offers, in light of the circumstances in which they were made, not misleading.

Such acts, practices and conduct constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5 promulgated thereunder, and NASD Conduct Rule 2120 by Respondent Parks. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Parks.

2. Cumberland Resources – Failure to Disclose Conflict of Interest and Compensation in Research Reports

During a period beginning no later than July 1995 and continuing until at least June 2004, Respondent Parks issued a series of research reports to customers regarding Cumberland stock. NASD Rule 2711, which governs research analysts and research reports, became effective in April 2002.

Respondent Parks knew or had reason to know that the agreement of the Cumberland officers to compensate Respondent Parks and their subsequent payment to him created an actual, material conflict of interest at the time of his publication of research reports regarding Cumberland. In his research reports regarding Cumberland issued after April 2002, Respondent Parks failed to disclose that conflict of interest.

Respondent Parks knew or had reason to know that Cumberland officers' payment to him created an actual, material conflict of interest at the time of his publication of research reports regarding Cumberland. In his research reports regarding Cumberland, issued after his receipt of that payment, Respondent Parks failed to disclose that conflict of interest.

The payment by the Cumberland officers to Respondent Parks constituted compensation received by him from Cumberland. In research reports issued within the twelve-month period following that payment, Respondent Parks failed to disclose that he had received such compensation.

Such acts, practices and conduct constitute separate and distinct violations of NASD Rule 2711(h)(1)(C) and 2711(h)(2)(A)(i)(b) by Respondent Parks. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Parks.

3. Spur Ventures -- Private Securities Transaction

During a period beginning no later than 1998 and continuing until at least March 2004, Respondent Parks recommended to customers the stock of Spur Ventures, Inc. ("Spur Ventures"), a Canadian company engaged in fertilizer development and manufacturing in China. During the period from 1998 until 2003, approximately

250 of Respondent Parks' customers purchased approximately 2.7 million shares of Spur Ventures stock.

In March 2003, the director and vice chairman of Spur Ventures informed Respondent Parks that 500,000 Spur Ventures warrants would be made available to him at a strike price of \$0.60 Canadian per share. The warrants were provided to Respondent Parks by one or more of Spur Ventures' officers as compensation for his recommendations and sales of Spur Ventures stock.

The receipt of the Spur Ventures warrants without prior notice to and approval from his employer member firm, National, comprised engaging in a private securities transaction by Respondent Parks. Such acts, practices and conduct constitute a violation of NASD Conduct Rules 3040 by Respondent Parks. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Parks.

4. Spur Ventures -- Failure to Disclose Material Information in Connection With Offer and Sale of Securities

In late 2003, using the \$300,000 he had received from the Cumberland officers, Respondent Parks exercised the warrants that he had received from Spur Ventures or one or more of its officers and thereby acquired 500,000 shares of Spur Ventures stock.

Following his receipt of the Spur Ventures warrants, when making recommendations to customers regarding Spur Ventures, Respondent Parks intentionally or recklessly failed to disclose to those customers that Spur Ventures, or one or more of its officers, had provided him with Spur Ventures warrants. Following his exercise of the warrants and his acquisition of Spur Ventures stock, when making recommendations to customers regarding Spur Ventures, Respondent Parks intentionally or recklessly failed to disclose to those customers that he had exercised the warrants and had acquired the Spur Ventures stock.

The provision of the Spur Ventures warrants to Respondent Parks could reasonably be characterized by customers as a financial incentive to recommend Spur Ventures stock. His subsequent exercise of the warrants and acquisition of the Spur Ventures stock could reasonably be characterized by customers as a factor that would influence his recommendations regarding the stock. The provision of the warrants and the subsequent exercise of the

warrants and acquisition of Spur Ventures stock were material information that should have been disclosed to the customers, to be considered in evaluating Respondent Parks' recommendations regarding Spur Ventures stock and in deciding whether to accept his recommendations. Thus, while using the means and instrumentalities of interstate commerce to offer securities for sale, Respondent Parks omitted to state material facts necessary in order to make the statements made in connection with such offers, in light of the circumstances in which they were made, not misleading.

Such acts, practices and conduct constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934, SEC Rule 10b-5 promulgated thereunder, and NASD Conduct Rule 2120 by Respondent Parks. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Parks.

5. Opening Account at Another Member Firm

On or about January 4, 2004, while registered with National, Respondent Parks opened an account ("the Dogfish account") with a member firm other than National in the name of Dogfish Capital, Inc. ("Dogfish"), a corporation wholly owned by Respondent Parks and his wife. Before opening the account or placing an initial order for the purchase or sale of securities with the other member firm, Respondent Parks did not notify National of the Dogfish account or of his association with the other member firm. On a New Account Signature Card, executed in connection with the opening of the Dogfish account, Respondent Parks falsely stated that no NASD restricted person had an interest in the account.

On or about January 26 and on or about March 4, 2004, in order to conceal his receipt of the Spur Ventures warrants and stock from National, Respondent Parks deposited the Spur Ventures stock in the Dogfish account at the other member firm.

On or about March 8, 2005, the Spur Ventures shares were transferred to a second account ("the Parks account") at the other member firm in the name of Respondent Parks. During the period from on or about January 26, 2004, until on or about November 30, 2005, Dogfish and Respondent Parks sold the Spur Ventures stock from both the Dogfish and Parks accounts for a total of approximately \$648,804.35.

Such acts, practices and conduct constitute a violation of NASD Conduct Rule 3050(c) by Respondent Parks. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of NASD Conduct Rule 2110 by Respondent Parks.

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

Samuel C. Parks shall be barred from associating with any member of NASD in any capacity.

The sanctions 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

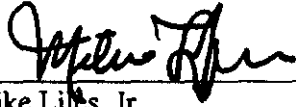
- A. I understand that if I am barred or suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)
- E. I understand that this settlement includes a finding that during the period from on or about February 7, 2001, until on or about February 2, 2004, I willfully failed to disclose a material fact on a Form U4, and that under Section 15(b)(4)(A) of the Securities Exchange Act of 1934 and Article III, Section 4(f) of the NASD By-Laws, this nondisclosure makes me subject to a statutory disqualification with respect to association with a member.

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.

7-19-06
Date


Samuel C. Parks
Respondent

Reviewed by:



Mike Liles, Jr.
Counsel for Respondent
Karr Tuttle Campbell
1201 Third Ave., Suite 2900
Seattle, WA 98101

Accepted by NASD:

Sept. 5, 2006

Date

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



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