

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E8A2003049501

TO: Department of Enforcement
NASD

RE: Leonard and Company
(CRD No. 36527)

and

James Currier
Financial Operations Principal and Chief Operating Officer
(CRD No. 2070654)

Pursuant to Rule 9216 of NASD Code of Procedure, Leonard and Company and James Currier, ("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 understands 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 Respondent's 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 allegation 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 histories may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Leonard and Company ("Respondent Leonard") became a member of NASD and became registered with the Securities and Exchange Commission ("SEC") in September 1994. The Member's membership with NASD and registration with the SEC as a Broker-Dealer remain currently in effect. Within the last five years, Respondent Leonard was the subject of an NASD disciplinary proceeding. On March 14, 2003, Respondent Leonard entered into an AWC for failing to prepare accurate trial balances and net capital computations for April and May 2000; and failing to file accurate FOCUS reports for the months March and June 2000, for which Respondent Leonard was censured and fined \$12,500.

James Currier ("Respondent Currier") became registered as a General Securities Representative (Series 7) as a General Securities Principal (Series 24) in 1999. He became registered in those capacities with Respondent Leonard in October 2000 where he remains registered. Within the last five years, Respondent Currier was the subject of an NASD disciplinary proceeding. On May 14, 2002, Respondent Currier entered into an AWC for failing to disclose 25 customer complaints and for failing to disclose material facts in sales literature, for which Respondent Currier was censured and fined \$42,500 jointly and severally with his sponsoring firm.

I.

WAIVER OF PROCEDURAL RIGHTS

Respondents specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against them;
- 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 waives 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 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. NASD Rule 3070 requires brokerage firms to report to NASD events of regulatory significance within 10 days of the underlying event. The rule enumerates ten (10) types of occurrences that trigger this reporting obligation, including but not limited to instances where a member, or person associated with the member has been charged or pleaded guilty to a felony charge; is the subject of a written customer complaint involving allegations of theft or forgery; or has been the subject of any claim for damages by a customer, broker, or dealer that is settled for an amount exceeding \$15,000. The Rule assists NASD in monitoring on a real-time basis the ongoing compliance of

member firms and associated persons with applicable securities laws and regulations.

2. From approximately February 2000 through December 2003, Respondent Leonard, acting through Respondent Currier, received notice of customer complaints, arbitration claims and arbitration settlements that were subject to the reporting requirements of NASD Rule 3070. Respondent Leonard failed to report to NASD within 10 business days after it knew or should have known of the existence of 11 reportable events. Respondent Leonard failed to timely report 11 of a total of 14 (79%) reportable events to NASD. The events were reported to NASD between 17 and 445 days after they were required to be reported, in violation of NASD Rules 2110 and 3070(b).
3. Article V, Section 2(c) of NASD By-Laws requires brokerage firms to report to NASD by means of an amendment to the registration application (Form U-4) of any person whose registration it sponsors, reportable events, such as customer complaints and arbitration claims, within 30 days of learning of the facts and circumstances that constitute reportable events.
4. From approximately February 2000 through December 2003, Respondent Leonard, acting through Respondent Currier failed to timely file 16 of 19 (84%) amendments to the Forms U-4 of certain registered representatives that it submitted to NASD to report that those registered representatives had been named in arbitration proceedings. The 16 amendments to the Forms U-4 were filed between 5 and 709 days late, and constitute separate and distinct violations of NASD Rule 2110 and Article V, Section 2(c) of NASD By-Laws.
5. Article V Section 3(b) of NASD By-Laws requires brokerage firms to report to NASD by means of an amendment to the notice of the termination of association of a registered representative (Form U-5), reportable events, such as customer complaints and arbitration claims, within 30 days of learning of the facts and circumstances that constitute reportable events.
6. From approximately February 2000 through December 2003, Respondent Leonard, acting through Respondent Currier failed to timely file three of three (100%) amendments to the Forms U-5 to report that former registered representatives had been named in arbitration proceedings. The three amendments to the Forms U-5 were filed between 985 and 1,508 days late and constitute separate and distinct violations of NASD Rule 2110 and Article V, Section 3(b) of NASD By-Laws.
7. Respondent Leonard, acting through Respondent Currier failed to enforce its written supervisory procedures to ensure compliance with NASD Rule 3070(c), and Article V Sections 2(c) and 3(c) of NASD Bylaws. Faulty

internal communications and confusion between Respondent Currier and Respondent Leonard's employees resulted in the failure to ensure the timely preparation and submission of reports required under Rule 3070 and amendments to Forms U-4 and U-5, in violation of NASD Rules 2110 and 3010.

- B. Respondents also consent to the imposition, at a maximum, of the sanctions of:
1. a censure against Respondent Leonard;
 2. a fine of \$40,000 against Respondent Leonard;
 3. a ten-business-day suspension of Respondent Currier in a principal capacity;
 4. a fine of \$5,000 against Respondent Currier individually; and
 5. a requirement that Respondent Currier re-qualify as a principal by taking and passing the Series 24 examination before undertaking activities in that capacity.

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

III.

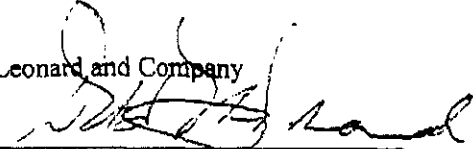
OTHER MATTERS

- 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 also 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 payment is due and payable and have attached an Election of Payment form 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.
- D. Respondent Currier 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. Accordingly, Respondent Currier 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.)

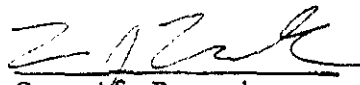
Respondents certify that a duly appointed representative has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, have been made to induce the representative to submit it.

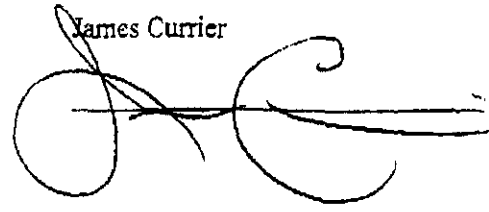
9.22.05
Date

Leonard and Company

By 
Its PRESIDENT

Reviewed by:

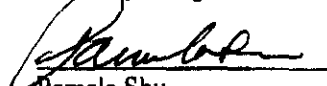

Counsel for Respondents

James Currier


Accepted by NASD:

28th November, 2005
Date

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


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