

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E8A2004040901

RECEIVED
2005 FEB 18 AM 11:53
REGISTRATION DEPARTMENT

TO: Department of Enforcement
NASD

RE: David E. Locklear
Registered Representative
CRD No. 1881572

Pursuant to Rule 9216 of the NASD Code of Procedure, David E. Locklear ("Locklear") submits 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.

Locklear 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 them; 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 their 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

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AWC is without factual basis. Nothing in this provision affects my testimonial obligations or right to take legal or factual positions in litigation in which the NASD is not a party.

I also understand that my experience in the securities industry and disciplinary history may be factors which will be considered in deciding whether to accept this AWC. That experience and history are as follows:

David E. Locklear ("Locklear") entered the securities industry as a General Securities Representative with an NASD member in October 1988. Locklear was registered in the same capacity with Leonard and Company ("Member"), an NASD member, until February 2004. Locklear is not currently associated with another NASD member and has no prior disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under the 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 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:

From in or about December 2003 to February 2004, Locklear participated in private securities transactions without providing prior written notification to, and receiving prior written approval from, the Member. The securities transactions involved sales of short-term promissory notes to eight (8) public customers totaling approximately \$675,000. The sales as set forth on Exhibit A, which is attached hereto and incorporated by reference, were part of a private placement issued by Steeple Distributions to procure short-term financing for its business operations. Locklear received no monetary commission in connection with these private securities transactions but expected to manage approximately \$5,000,000 of Steeple Distributions's investments.

The aforementioned acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 3040.

- B. Locklear also consents to the imposition, at a maximum, of the sanctions of a six-month suspension from association with any member of the Association in any and all capacities and a deferred fine of \$10,000. The fine shall be due and payable either prior to reassociation with a member firm following the six-month suspension noted above, or prior to any application or request for relief from any *statutory disqualification resulting from this or any other event or proceeding*, whichever is earlier, at which time Respondent may elect the installment payment plan.

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

III.

OTHER MATTERS

- A. I understand that I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I

understand that I 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. I agree to pay any monetary sanctions imposed on me, *due upon reentry as noted above*, and have attached an Election of Payment form showing the method by which I propose to pay any fine imposed.
- C. I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. I understand that if I am barred or suspended from association 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.)

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10/20/05
Date

5

Letter of Acceptance, Waiver and Consent
Exhibit A
Sales of Promissory Notes by David E. Locklear

<u>Customer</u>	<u>Total Investment</u>
RB	\$125,0000
SC	\$50,000
MC	\$25,000
PC	\$100,000
MT	\$30,000
MK	\$45,000
LS	\$100,000
TT	\$200,000
TOTAL	\$675,000