

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. E8A2004048201

TO: Department of Enforcement
NASD

RE: Kevin R. Drajer, Respondent
Associated Person
CRD No. 4413189

Pursuant to Rule 9216 of NASD Code of Procedure, I, Kevin R. Drajer, 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:

From June 2001 through May 2002 and September 2003 through March 2004, Kevin R. Drajer ("Drajer") was registered with American Family Securities, LLC, ("Member") an NASD member. Drajer was not previously, and is not currently, registered with a member of NASD. Drajer has no NASD disciplinary history.

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 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 March 2001 through December 2003, Drajer received approximately \$1,633 from customer AD for the purchase of insurance. Drajer did not apply the funds as directed by AD. Instead, without the knowledge or consent of AD, Drajer used the funds for his personal benefit or the benefit of someone other than AD, in violation of NASD Conduct Rule 2110.
2. On or about April 22, 2003, Drajer received approximately \$957 from customer TD for the purchase of insurance. Drajer did not apply the funds as directed by TD. Instead, without the knowledge or consent of TD, Drajer used the funds for his personal benefit or the benefit of someone other than TD, in violation of NASD Conduct Rule 2110.
3. On or about May 16, 2003, Drajer received approximately \$722 from customer SG for the purchase of insurance. Drajer did not apply the funds as directed by SG. Instead, without the knowledge or consent of SG, Drajer used the funds for his personal benefit or the benefit of someone other than SG, in violation of NASD Conduct Rule 2110.
4. On or about May 21, 2003, Drajer received approximately \$664 from customer DL for the purchase of insurance. Drajer did not apply the funds as directed by DL. Instead, without the knowledge or consent of DL, Drajer used the funds for his personal benefit or the benefit of someone other than DL, in violation of NASD Conduct Rule 2110.
5. From March 2003 through May 2003, Drajer received approximately \$716 from customer PM for the purchase of insurance. Drajer did not apply the funds as directed by PM. Instead, without the knowledge or consent of PM, Drajer used the funds for his personal benefit or the benefit of someone other than PM, in violation of NASD Conduct Rule 2110.
6. On or about August 22, 2003, Drajer received approximately \$141 from customer JV for the purchase of insurance. Drajer did not apply the funds as directed by JV. Instead, without the knowledge or consent of JV, Drajer used the funds for his personal benefit or the benefit of someone other than JV, in violation of NASD Conduct Rule 2110.

7. On or about August 27, 2003, Drajer received approximately \$33 from customers CH and LH for the purchase of insurance. Drajer did not apply the funds as directed by CH and LH. Instead, without the knowledge or consent of CH and LH, Drajer used the funds for his personal benefit or the benefit of someone other than CH and LH, in violation of NASD Conduct Rule 2110.
8. From about November 2003 through February 2004, Drajer received approximately \$488 from customer RW for the purchase of insurance. Drajer did not apply the funds as directed by RW. Instead, without the knowledge or consent of RW, Drajer used the funds for his personal benefit or the benefit of someone other than RW, in violation of NASD Conduct Rule 2110.
9. On or about October 14, 2003, Drajer received approximately \$561 from customer AL for the purchase of insurance. Drajer did not apply the funds as directed by AL. Instead, without the knowledge or consent of AL, Drajer used the funds for his personal benefit or the benefit of someone other than AL, in violation of NASD Conduct Rule 2110.
10. On or about November 26, 2003, Drajer received approximately \$797 from customers JK and LK for the purchase of insurance. Drajer did not apply the funds as directed by JK and LK. Instead, without the knowledge or consent of JK and LK, Drajer used the funds for his personal benefit or the benefit of someone other than JK and LK, in violation of NASD Conduct Rule 2110.
11. On or about December 10, 2003, Drajer received approximately \$737 from customer MH for the purchase of insurance. Drajer did not apply the funds as directed by MH. Instead, without the knowledge or consent of MH, Drajer used the funds for his personal benefit or the benefit of someone other than MH, in violation of NASD Conduct Rule 2110.
12. On or about December 22, 2003, Drajer received approximately \$576 from customer GC for the purchase of insurance. Drajer did not apply the funds as directed by GC. Instead, without the knowledge or consent of GC, Drajer used the funds for his personal benefit or the benefit of someone other than GC, in violation of NASD Conduct Rule 2110.
13. On or about December 30, 2003, Drajer received approximately \$688 from customer VH for the purchase of insurance. Drajer did not apply the funds as directed by VH. Instead, without the knowledge or consent of VH, Drajer used the funds for his personal benefit or the benefit of someone other than VH, in violation of NASD Conduct Rule 2110.
14. On or about January 5, 2004, Drajer received approximately \$178 from customer JD for the purchase of insurance. Drajer did not apply the funds as

directed by JD. Instead, without the knowledge or consent of JD, Drajer used the funds for his personal benefit or the benefit of someone other than JD, in violation of NASD Conduct Rule 2110.

15. On or about January 9, 2004, Drajer received approximately \$162 from customer TP for the purchase of insurance. Drajer did not apply the funds as directed by TP. Instead, without the knowledge or consent of TP, Drajer used the funds for his personal benefit or the benefit of someone other than TP, in violation of NASD Conduct Rule 2110.
16. On or about January 12, 2004, Drajer received approximately \$61 from customer HM for the purchase of insurance. Drajer did not apply the funds as directed by HM. Instead, without the knowledge or consent of HM, Drajer used the funds for his personal benefit or the benefit of someone other than HM, in violation of NASD Conduct Rule 2110.
17. On or about January 13, 2004, Drajer received approximately \$740 from customers JL and TL for the purchase of insurance. Drajer did not apply the funds as directed by JL and TL. Instead, without the knowledge or consent of JL and TL, Drajer used the funds for his personal benefit or the benefit of someone other than JL and TL, in violation of NASD Conduct Rule 2110.
18. On or about February 3, 2004, Drajer received approximately \$438 from customer TM for the purchase of insurance. Drajer did not apply the funds as directed by TM. Instead, without the knowledge or consent of TM, Drajer used the funds for his personal benefit or the benefit of someone other than TM, in violation of NASD Conduct Rule 2110.
19. On or about February 3, 2004, Drajer received approximately \$817 from customer BC for the purchase of insurance. Drajer did not apply the funds as directed by BC. Instead, without the knowledge or consent of BC, Drajer used the funds for his personal benefit or the benefit of someone other than BC, in violation of NASD Conduct Rule 2110.
20. On or about February 5, 2004, Drajer received approximately \$759 from customer EV for the purchase of insurance. Drajer did not apply the funds as directed by EV. Instead, without the knowledge or consent of EV, Drajer used the funds for his personal benefit or the benefit of someone other than EV, in violation of NASD Conduct Rule 2110.
21. On or about February 13, 2004, Drajer received approximately \$685 from customer RK for the purchase of insurance. Drajer did not apply the funds as directed by RK. Instead, without the knowledge or consent of RK, Drajer used the funds for his personal benefit or the benefit of someone other than RK, in violation of NASD Conduct Rule 2110.

22. On or about February 15, 2004, Drajer received approximately \$704 from customer SW for the purchase of insurance. Drajer did not apply the funds as directed by SW. Instead, without the knowledge or consent of SW, Drajer used the funds for his personal benefit or the benefit of someone other than SW, in violation of NASD Conduct Rule 2110.

23. Drajer failed to respond to three requests for information sent by NASD staff on or about *July 20, 2004, August 9, 2004, and September 1, 2004*, pursuant to and in accordance with the provisions of NASD Procedural Rule 8210, concerning, among other things, the transactions set forth in Paragraphs 1 through 22 above, in violation of NASD Conduct Rule 2110 and NASD Procedural Rule 8210.

B. I also consent to the imposition, at a maximum, of the sanction of a bar from association with any member of the 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.

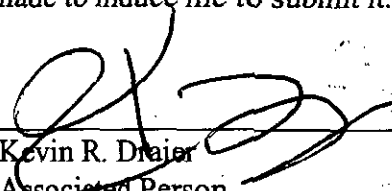
III.

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.)

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.

11/14/05
Date


Kevin R. Drajer
Associated Person

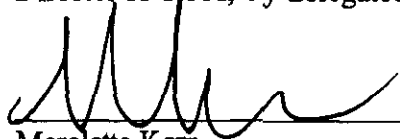
Reviewed by:

Counsel for Respondent

Accepted by NASD:

11/30/05
Date

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


Marcletta Kerr
Regional Attorney
NASD Department of Enforcement
55 W. Monroe Street, Suite 2700
Chicago, IL 60603-5052
(312) 899-4673

NASD District Director
Carlotta A. Romano
Senior Vice President and Regional Director
NASD District 8
55 W. Monroe Street, Suite 2700
Chicago, IL 60603-5052
(312) 899-4324