

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. EAF0400760002

Re: Financial Network Investment Corporation, Inc., CRD No. 13582,
ING Financial Partners, Inc., CRD No. 2882
Multi-Financial Securities Corporation, Inc., CRD No. 10299
PrimeVest Financial Services, Inc., CRD No. 15340
(collectively, "Respondents")

Pursuant to Rule 9216 of NASD's Code of Procedure, 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 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 them; and
3. If accepted:
 - a. this AWC will become part of Respondents' permanent disciplinary records and may be considered in any future actions brought by NASD or any other regulator against them;
 - 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 proceeding in which NASD is not a party.

Respondents also understand that their 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: ¹

Financial Network Investment Corporation, Inc. ("FNIC"), CRD No. 13572. FNIC, which has been a member of NASD since 1983, is headquartered in El Segundo, California. It has no relevant disciplinary history within the past five years.

ING Financial Partners, Inc., CRD No. 2882. ING Financial Partners, which has been a member of NASD since 1968, is headquartered in Des Moines, Iowa. The firm was formerly registered under the name Washington Square Securities, which merged with Locust Street Securities in 2004. It has no relevant disciplinary history within the past five years.

Multi-Financial Securities Corporation, Inc. ("Multi-Financial"), CRD No. 10299. Multi-Financial, which has been a member of NASD since 1982, is headquartered in Denver, Colorado. Two prior NASD registered broker-dealers, IFG Network Securities and Vestax Securities, merged into Multi-Financial in 2004. It has no relevant disciplinary history within the past five years.

PrimeVest Financial Services, Inc. ("PrimeVest"), CRD No. 15340. PrimeVest, which has been a member of NASD since 1984, is headquartered in St. Cloud, Minnesota. It has no relevant disciplinary history within the past five years.

WAIVER OF PROCEDURAL RIGHTS

Respondents 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 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

¹ The Respondent firms constituted the ING Advisors Network, an umbrella business unit of retail broker-dealers that are indirect subsidiaries of ING America Insurance Holdings, Inc., an indirect subsidiary of ING Groep N.V. The ING Advisors Network is not an NASD member.

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 ("SEC") and a U.S. Court of Appeals.

Further, Respondents 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.

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. Findings

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:

Summary

1. This matter involves violations of NASD Rule 2830(k)(1), which prohibits, among other things, member firms from favoring or disfavoring the sale or distribution of mutual fund shares on the basis of brokerage commissions received by the firm.-
2. The Respondents maintained a shelf space (or revenue sharing) program known as the Strategic Partners program² between January 2001 and December 2003 in connection with retail sales of mutual funds. In return for payments, mutual fund complexes participating in the program received preferential treatment from respondents in the sales and marketing of their funds. The program provided increased access to Respondents' retail brokerage sales forces, placement of materials on

² In 2001, three of the four Respondents participated in the Strategic Partner Program. The fourth Respondent, FNIC, maintained its own revenue-sharing program in 2001, and joined the Strategic Partner Program for 2002 and 2003.

Respondents' web sites, identification as a Strategic Partner on the Respondents' intranet websites and inclusion of links to the Strategic Partners' websites, and payment of ticket charges for retail brokerage sales of Strategic Partners' funds. The program included ten non-proprietary mutual fund complexes during the period in question. Eight of those mutual fund complexes made payments for participating in the program by directing a total of approximately \$25.7 million in mutual fund portfolio brokerage commissions to Respondents through clearing brokers during the three-year time period. The Respondents' receipt of directed brokerage commissions violated NASD Conduct Rules 2830(k)(1) and 2110.

The Strategic Partner Program

3. Under the Strategic Partners program during the time period at issue, in return for payments, participants' funds were given preferred treatment over other funds that could be purchased through the Respondents. *The benefits provided by the program varied by firm, but included enhanced access to Respondents' sales forces (including training and education of Respondents' registered representatives as to the funds' products, office visits and participation in top producer meetings, training events, and telephone calls to the sales force); broadcast e-mail and conference calls; speaking platforms and prime booth space at the firms' training meetings; a hyperlink from the Respondents' intranet website to the participating funds' websites; identification as a Strategic Partner on the firms' intranet websites; and waiver of certain ticket charges imposed on registered representatives for customer purchases of mutual funds. Most of these benefits were not available to non-participating fund complexes.*
4. Mutual fund complexes paid varying amounts to participate in the Strategic Partner program. In general, Respondents received up to ten basis points annually on total mutual fund assets invested in a mutual fund complex by the firms' retail customers and up to twenty-five basis points of the gross amount of sales of the participating fund to the firms' retail customers.

Use of Directed Brokerage Commissions

5. Mutual fund complexes generally use a variety of unaffiliated broker-dealers with institutional trading facilities to execute transactions in the portfolios of the mutual funds they distribute and manage. The selection of executing brokers is generally within the discretion of the mutual fund complex advisor, subject to the requirement of obtaining best execution.
6. Eight of the mutual fund complexes that participated in the Strategic

Partner program paid the Respondents at least a portion of the fees for participating in the program through directed brokerage commissions.

7. In order to pay the directed brokerage amounts, the mutual fund complexes opened accounts at one of the clearing firms used by the Respondents. Mutual fund complexes then directed some of their portfolio trade executions to the clearing firm and indicated to the clearing firm that the trade was for the benefit of one of the Respondents. The clearing firm then provided the designated commission amounts to the Respondent firms. The Respondents tracked the progress of those payments against the amounts expected by the Respondents.
8. From 2001 through 2003, pursuant to this arrangement, the Respondents received directed brokerage commissions from participants in the Strategic Partner program as follows: FNIC received approximately \$12.5 million; ING Financial Partners received approximately \$4.5 million; Multi-Financial received approximately \$4.7 million; and PrimeVest received approximately \$3.9 million. The Respondents did not execute any trades for the fund complexes.

Directed Brokerage Violations

9. Conduct Rule 2830(k)(1) is designed to prevent arrangements in which brokerage commissions are used to compensate member firms for selling fund shares. Brokerage commissions are fund assets and the use of them to pay for mutual fund sales allows mutual fund distributors or advisors to avoid using their own funds for that purpose. The rule is also designed to ensure that execution of portfolio transactions is guided by the principle of "best execution" and not by other considerations.³ The rule provides:

No member shall, directly or indirectly, favor or disfavor the sale or distribution of shares of any particular investment company or group of investment companies on the basis of brokerage commissions received or expected by such member from any source, including such investment company, or any covered account.

10. By receiving directed brokerage commissions to pay for participation in the Strategic Partner program, as described above, Respondents violated NASD Conduct Rules 2830(k)(1) and 2110.

B. Sanctions

Respondents also consent to the imposition, at a maximum, of the following sanctions:

³ See, e.g., Notice to Members 84-40.

1. A censure, and
2. Fines of \$7,000,000, assessed as follows against Respondents:

Financial Network Investment Corporation, Inc.: \$3,415,000

ING Financial Partners, Inc.: \$1,291,000

Multi-Financial Securities Corporation, Inc.: \$1,228,000

PrimeVest Financial Services, Inc.: \$1,066,000

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 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 pursuant to the terms of this AWC.
- 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.

The undersigned certify on behalf of Respondents that they 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 them to submit it.

7/17/06
Date

By:

[Signature]
Financial Network Investment Corporation, Inc.

Name: Jack Handy

Title: CEO & President

7/17/06
Date

By: Karl Lindberg
ING Financial Partners, Inc.

Name: Karl Lindberg
Title: President/CEO

Date

By: _____
Multi-Financial Securities Corporation, Inc.

Name: _____

Title: _____

Date

By: _____
PrimeVest Financial Services, Inc.

Name: _____

Title: _____

Reviewed by:
SUTHERLAND ASBILL & BRENNAN LLP

Peter J. Anderson
Counsel for Respondents
Peter J. Anderson

Date: 7/19/06

Accepted by NASD:

7/20/06
Date

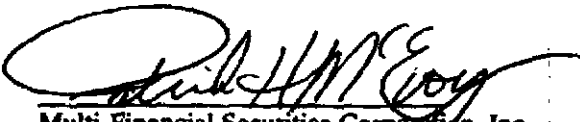
Thomas B. Anderson
Department of Enforcement
Signed on behalf of the Director of ODA,

Date By: ING Financial Partners, Inc.

Name: _____

Title: _____

7/18/06
Date

By: 
Multi-Financial Securities Corporation, Inc.

Name: PATRICK H. McEVoy

Title: RESIDENT / CEO

Date By: PrimeVest Financial Services, Inc.

Name: _____

Title: _____

Reviewed by:
SUTHERLAND ASBILL & BRENNAN LLP

 Date: 7/19/06
Counsel for Respondents
Peter J. Anderson

Accepted by NASD:

7/20/06
Date


Department of Enforcement
Signed on behalf of the Director of ODA,

Date

By:

ING Financial Partners, Inc.

Name: _____

Title: _____

Date

By:

Multi-Financial Securities Corporation, Inc.

Name: _____

Title: _____

7/17/06
Date

By:

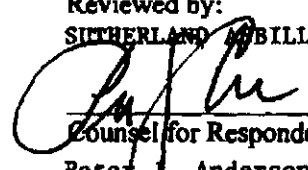

PrimeVest Financial Services, Inc.

Name: RANDALL L. CICCATI

Title: PRESIDENT / CEO

Reviewed by:

SUTHERLAND ASBILL & BRENNAN LLP


Counsel for Respondents

Peter J. Anderson

Date: 7/19/06

Accepted by NASD:

7/20/06
Date


Department of Enforcement

Signed on behalf of the Director of ODA,