

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. EAF0401410001

TO: Department of Enforcement
NASD

RE: Frank Devine, Respondent
Registered Representative
CRD No. 2035363

Pursuant to Rule 9216 of NASD Code of Procedure, I, Frank Devine, 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 findings 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:

I entered the securities industry in 1990 as an Investment Company/Variable Contracts Products Representative of a member of NASD. In June 1998, I became registered in this capacity with LaSalle Street Securities, LLC ("Member"), an NASD member.

In 1999, NASD issued a formal complaint against me alleging that I engaged in private securities transactions by selling viaticals without prior written notification to or receiving authorization from my previous employing firm.¹

On June 13, 2000, a NASD Hearing Panel found that I engaged in private securities transactions without prior written notification to or receiving authorization from my previous employing firm. Sanctions imposed against me were a \$34,825.42 fine, 45-day suspension and requalification by examination. I appealed the Hearing Panel decision and on May 17, 2001, the National Adjudicatory Council ("NAC") affirmed the Hearing Panel Decision. The NAC increased the sanctions against me to a \$34,825.42 fine, 90-day suspension, requalification by examination and \$1,414.28 in costs imposed by the Hearing Panel.

I appealed the NAC findings to the SEC, and on October 30, 2002, the Commission sustained the NAC's decision. On December 13, 2002, I filed a motion for reconsideration of the sanctions imposed, and the Commission denied my motion.

Between February 18, 2003 and May 18, 2003, the Member suspended me in accordance with the NASD sanctions, and on June 20, 2003, I re-qualified for my securities license by successfully passing the Series 6 exam.

On September 27, 2004, the Member terminated my employment and I am not currently registered with any NASD members.

¹ NASD case number C8A990025.

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. Beginning no later than July 1993 and continuing until approximately November 2004, I operated fraudulent investment schemes. These schemes took several forms and I misrepresented the reality of the schemes to individuals in order to lure them to invest money into the schemes. Overall, the schemes defrauded over 80 individuals out of approximately \$2.9 million. In many instances, I converted the funds for my personal use. In total, investors provided me with approximately \$4.8 million based on my misrepresentations and promises. I repaid these investors approximately \$2 million in order to keep the scheme concealed.

- a. I falsely described to many potential investors that their funds would be

invested in a car resale program, where I would buy automobiles from corporations who wanted their vehicles off their books for tax purposes, and would resell those vehicles to employees of the corporations at a profit. In reality, there were no vehicles to buy or sell.

I also falsely described to other investors that I would use their funds to invest in real estate that would be leased to governments and corporations, providing the investors with a high return on investments. In truth, I did not use the funds to invest in real estate.

The acts, practices and conduct described above constitute separate and distinct violations NASD Conduct Rules 2120 and 2110.

- b. I directly used the mails or other instruments of interstate commerce or the facilities of a national exchange to employ a device, scheme or artifice to defraud, and engaged in acts, practices and courses of business that operated as a fraud or deceit upon persons in connection with the purchase or sale of securities. Specifically, I used the telephone system to falsely tell investors that I would use their funds to invest in initial public offerings of shares of corporations. Further, in connection with the scheme, I directed investors to mail checks to me, and received checks in the US mail from investors. In truth, I did not use the funds to invest in initial public offerings.

The acts, practices and conduct described above constitute separate and distinct violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and NASD Conduct Rules 2120 and 2110.

- 2. Between approximately 1998 and 2004, while registered with the Member, I converted approximately \$1.3 million of investors' funds for my personal use, including the funds of one of the Member's customers, in violation of NASD Conduct Rule 2110.
- 3. On or about January 12, 2005, I refused to appear for on-the-record testimony or produce documents requested by NASD Staff pursuant to NASD Procedural Rule 8210 in violation of NASD Procedural Rule 8210 and Conduct Rule 2110.

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

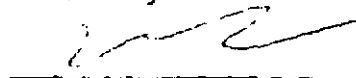
- A. I understand that if I am barred or suspended from associating with any NASD member, I become subject to a statutory disqualification as that term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended. Accordingly, I may not be associated with any NASD member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. (See NASD Rule 8310 and IM-8310-1.)

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.

3/23/06
Date


Frank Devine, Respondent

Reviewed by:


Counsel for Respondent

Accepted by NASD:

5-30-06
Date

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


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