

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. ELI04036401

TO: Department of Enforcement
NASD

RE: Christopher J. Santanelli, Respondent
General Securities Representative
CRD No. 4392280

Pursuant to Rule 9216 of NASD Code of Procedure, Christopher J. Santanelli ("Santanelli") 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.

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

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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:

Santanelli first became registered with NASD as a General Securities Representative ("GS") through a former member firm on June 13, 2001. From May 7, 2002 through February 16, 2005 Santanelli was registered with NASD as a GS through member firm Ehrenkrantz King Nussbaum ("EKN") (BD# 113525). On March 31, 2006 Santanelli filed a Uniform Application For Securities Industry Registration Or Transfer ("Form U-4") in order to become registered with another member firm. Santanelli's registration did not become effective with that member firm. On May 18, 2006, that member firm filed a Uniform Termination Notice For Securities Industry Registration ("Form U-5"). Santanelli is not currently employed by any NASD member firm and is statutorily disqualified due to a felony conviction.

Santanelli has no prior disciplinary history with the Securities and Exchange Commission, any self-regulatory organization or any state securities regulator.

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) Beginning in August 2005, NASD made numerous requests pursuant to NASD Procedural Rule 8210 to Santanelli for information in connection with an investigation regarding allegations of unsuitable trades made by Santanelli during his employment with member firm EKN. Santanelli failed to complete an on-the-record interview ("OTR") commenced by the staff on September 21, 2005. Santanelli also failed to answer or respond to requests for information issued by the Staff pursuant to NASD Procedural Rule on November 10, 2005 and November 30, 2005. Based on the foregoing, Santanelli violated NASD Procedural Rule 8210 and Conduct Rule 2110.

(2) On or about February 22, 2004, while employed with member firm EKN, Santanelli was charged with a felony. On August 10, 2004, while still employed with EKN, Santanelli pled guilty to the felony charge. The Form U-4 (Uniform Application for Securities Industry Registration or Transfer) previously completed by Santanelli during his employment with EKN was required to be amended in the event Santanelli was charged with or convicted of a felony to disclose certain information concerning the felony charge(s). However, Santanelli failed to amend the Form U-4 to disclose the material facts that he had been charged with and convicted of a felony. As a result of this conduct, Santanelli acted in contravention of Article 5, Section 2(c) of NASD's By-Laws and violated NASD Conduct Rule 2110 and NASD Interpretive Memorandum ("IM")-1000-1.

(3) During the period August 2003 through January 2005, while employed with member firm EKN, Santanelli engaged in a pattern of trading activity that

was excessive in light of the customers' objectives, financial situations and needs in the accounts of customers GV, WC and EM. Specifically:

- For customer GV, during the period August 2003 through July 2004 there were 15 purchases with a total cost of \$151,766. The account's annualized turnover rate was 49.67% and the annualized cost to equity ratio was 193.24%. GV sustained total losses of \$15,727.
- For customer WC, during the period September 2003 through July 2004 there were 11 purchases with a total cost of \$91,990. The account's annualized turnover rate was 19.85% and the annualized cost to equity ratio was 119.26%. WC sustained total losses of \$4,290.
- For customer EM, during the period September 2003 through January 2005 there were 35 purchases with a total cost of \$1,092,056. The account's annualized turnover rate was 12.93% and the annualized cost to equity ratio was 37.97%. EM sustained total losses of \$28,382.

By reason of the foregoing, Santanelli violated NASD Conduct Rules 2310 and 2110.

B. I also consent to the imposition, at a maximum, of the following sanctions:

- A bar from association with any NASD member in any capacity.

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**

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.

9/25/06
Date


Christopher J. Santanelli

Accepted by NASD:

October 23, 2006
Date

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


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