

**NASD**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. ELI2004001101**

**TO: Department of Enforcement**  
**NASD**

**RE: James V. Pardy**  
**General Securities Principal**  
**[CRD No. 2900751]**

Pursuant to Rule 9216 of NASD Code of Procedure, James V. Pardy ("Respondent") 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 Respondent alleging violations based on the same factual findings.

**Respondent 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 Respondent; and
3. If accepted:
  - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
  - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's 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. Respondent 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 Respondent's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understands that his 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:

Respondent has been registered with NASD as a General Securities Representative ("GSR") since on or about August 16, 1997. He has been registered with NASD as a General Securities Principal ("GSP") since on or about May 8, 1999 and as a Registered Options Principal ("ROP") since on or about June 26, 2000. Respondent was registered with NASD through NASD member firm, Milestone Group Management LLC (BD No. 44486) ("Milestone"), from November 19, 1998 through September 21, 2004. During that period, he was registered as a GSR and became registered as a GSP and as a ROP. From in or about January 2003 through in or about March 2004, Respondent served as the Compliance Officer for Milestone. Since September 27, 2004, Respondent has been registered through another NASD member firm.

Respondent does not have any disciplinary history with the Securities and Exchange Commission, any state securities regulator, or self-regulatory organization.

## I.

### WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against him;
- 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, Respondent specifically and voluntarily waives 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.

Respondent further specifically and voluntarily waives 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. Respondent hereby accepts and consents, 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) During the period from in or about January 2003 through in or about March 2004, Respondent was responsible, along with others, for supervision at Milestone, including supervision of the branch offices located in Glen Cove, New York and Islandia, New York. Respondent failed to reasonably supervise several registered representatives in the face of red flags indicating improper sales practices. These improper sales practices included excessive trading on the part of registered representatives WK and RM and unauthorized transactions executed by registered representatives WK and PD. By reason of the foregoing, Respondent violated NASD Conduct Rules 3010 and 2110.
  - (2) During the period from in or about January 2003 through in or about March 2004, Respondent was responsible for Milestone's compliance with the disclosure requirements set forth in NASD Conduct Rule 3070. During this period, Respondent failed to report seven (7) customer complaints pursuant to the rule. By reason of the foregoing, Respondent violated NASD Conduct Rules 3070 and 2110.
- B. Respondent also consents to the imposition, at a maximum, of the

following sanctions:

- A suspension from associating with any member firm in a principal capacity for thirty (30) calendar days;
- A fine of \$15,000.00.

The sanctions imposed herein shall be effective on a date set by NASD Staff.

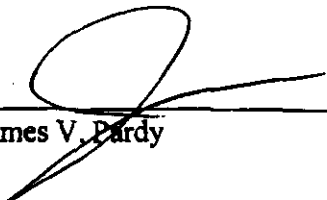
### **III.**

#### **OTHER MATTERS**

- A. Respondent understands that he may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he 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. Respondent agrees to pay any monetary sanctions imposed on him upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which Respondent proposes to pay any fine imposed.
- C. Respondent specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.
- D. Respondent understands that if he is suspended from associating with any NASD member, he becomes 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, he 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.)

Respondent certifies that he has read and understands all of the provisions of this AWC and has 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 Respondent to submit it.

7/15/05  
Date

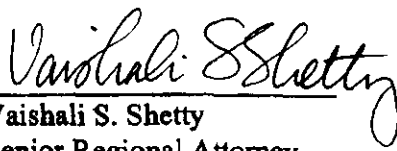
  
James V. Pardy

Reviewed by:

  
Counsel for Respondent

Accepted by NASD:

8/5/05  
Date

  
Vaishali S. Shetty  
Senior Regional Attorney

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