

**OFFICE OF THE SECRETARY OF STATE
STATE OF MISSISSIPPI
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

In The Matter Of:)	
)	
VALERIE STEELE)	
)	Administrative Proceeding
)	Number: <u>S-04-0265</u>
)	
RESPONDENT.)	

CONSENT AGREEMENT

THIS AGREEMENT is hereby entered into between the State of Mississippi, Secretary of State's Office, Business Regulation and Enforcement Division (hereinafter "Division"), by and through James O. Nelson, II, Assistant Secretary of State, and Valerie Steele (hereinafter "Steele"), Respondent herein.

The Division, having the power to administer and to provide for the enforcement of all provisions of the Mississippi Securities Act (hereinafter "Act"), and Respondent do hereby enter into this Consent Agreement in resolution of the Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty (hereinafter "Order") issued June 27, 2005, following allegations by the Division of violations of certain provisions of the Act.

The Division's conclusions of law contained in the Order were as follows.

1. The Secretary of State has jurisdiction over this matter pursuant to Section 75-71-107(a) of the Act.
2. Rule 523 of the Mississippi Securities Act Rules (hereinafter "Rules") enumerates certain prohibited conduct for broker-dealers and agents. More specifically,

Rule 523(A)(23) prohibits agents from violating any laws or rules of the SEC or a national securities exchange or national securities association of which she is a member, or violating any federal or state securities law or any rule or regulation promulgated thereunder. Rule 523(B)(6) makes Rule 523(A)(23) applicable to agents. Steele was a member of NASD at all times described herein and is, thus, prohibited from violating any laws or rules of that national securities association.

3. NASD Conduct Rule 2110 requires member firms and agents to observe high standards of commercial honor and adhere to just and equitable principles of trade and prohibits material misstatements and omissions. This rule holds broker-dealers and agents responsible for exercising due care, based on information reasonably attainable by the broker-dealer and agent, to provide the appropriate breakpoint discounts. The rule also requires—in pricing mutual fund transactions—broker-dealers and agents to provide available breakpoint discounts.

4. Steele failed to adequately explain the sales charges, expenses, and breakpoint discounts to which Williams would have been entitled had he invested an additional two cents (\$.02) in Class A shares. In cases where broker-dealers and agents have failed to disclose to certain customers that they were not receiving the benefit of applicable breakpoint discounts, said firms and agents have violated NASD Conduct Rule 2110. Because Steele is in violation of NASD Conduct Rule 2110, she is in violation of Rule 523(A)(23) of the Rules and applicable to Steele via Rule 523(B)(6).

5. Steele caused her customers' documents to be forged in connection with the offer, sale, or purchase of a security in violation of Section 75-71-501 of the Act, Rule 523(B), and Rule 523(A)(16) made applicable to agents via Rule 523(B)(6).

Because forgery is also violative of NASD Rule 2110, Steele is in violation of Rule 523(A)(23) of the Rules and applicable to Steele via Rule 523(B)(6).

NOW, THEREFORE, it is hereby agreed as follows:

- A. At all times relevant hereto, it was and continues to be the intent of Steele to comply with the requirements of the Act, and, to that end, to cooperate with the Division.
- B. It is the intent of the Division and Steele to reach an expeditious and appropriate resolution of this matter as it pertains to Steele's involvement therein.
- C. Based upon the representations and information obtained by the Division's independent investigation, the Division has determined not to proceed to a hearing as to Respondent Steele.
- D. Steele admits to the jurisdiction of the Division as to all matters herein. Steele admits that her conduct was in violation of the Act.
- E. Steele consents to the payment of Thirty Thousand Dollars (\$30,000.00) to be paid upon the execution of this Consent Agreement by the Respondent. The penalty shall be suspended unless Respondent violates any provisions of the Act and/or Rules promulgated thereunder at any time subsequent to the execution of this agreement. If Respondent violates any provisions of the Act and/or Rules subsequent to this agreement, then (1) Respondent shall immediately remit payment of the Thirty Thousand Dollar (\$30,000.00) penalty to the Division, payable to the "Mississippi Secretary of State," and (2) the Division shall impose an

additional penalty taking into consideration that this would be an offense in addition to those detailed in the Division Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty offense.

- F. Steele agrees neither, during the course of her natural life, (1) to offer and/or sell any securities in the State of Mississippi, nor (2) to offer and/or sell any securities to any Mississippi residents.
- G. This Consent Agreement contains the entire understanding between the parties and supersedes any prior understandings and agreements between them respecting the subject matter of this Consent Agreement.
Furthermore, the parties herein represent that they have read each provision, understand each provision, and agree to each provision herein.
- H. A willful failure to comply with any of the terms, conditions or obligations of this Agreement will result in Steele being deemed to be in violation of a lawful order made pursuant to the Act and, therefore, subject to the penalties available under the Act.
- I. Steele irrevocably waives her right to a hearing on this matter at which he may be represented by counsel, present evidence and cross-examine witnesses.
- J. The entry of this Agreement represents the settlement of regulatory claims by the Division against Steele only and does not, in any way, restrict or affect the rights or causes of action, if any, of any Mississippi residents.
- K. This Agreement pertains only to those matters set forth in the Order.

L. Steele acknowledges that she has read this Consent Agreement in its entirety and fully understands the rights, terms, and obligations contained therein.

WHEREFORE, the undersigned hereby acknowledge and agree to the terms and conditions of the foregoing Agreement by written consent.

THIS the 10 day of October, 2005


VALERIE STEELE, Respondent

ERIC CLARK, Secretary of State

By: 
JAMES O. NELSON, II
Assistant Secretary of State